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Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Audit of the Investment Management Service of the United Nations Joint Staff Pension Fund

Note by the Secretary-General

1. Pursuant to General Assembly resolutions 48/218 B of 29 July 1994 and 54/244 of 23 December 1999, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services.

2. The Secretary-General takes note of the findings of the Office of Internal Oversight Services and concurs with the recommendations made in its report, which will serve to improve the internal control of the management of the investment operations of the United Nations Joint Staff Pension Fund.

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Audit of the Investment Management Service of the United Nations Joint Staff Pension Fund

Summary

The Office of Internal Oversight Services (OIOS) conducted audits of investment management activities and procurement and contract administration at the Investment Management Service of the United Nations Joint Staff Pension Fund.

The investment management audit identified weaknesses in the internal control system, inadequate procedures for documenting the investment process and a need to improve the efficiency and transparency of investment operations. The audit of procurement and contract administration revealed a number of problem areas requiring management's attention, including the absence of documented procedures, non-compliance with United Nations procurement policies, inadequate monitoring of vendor performance and insufficient tracking and monitoring of the procurement process and contract administration.

The main findings were as follows:

Investment management

- The organizational structure of the Investment Management Service was flat and did not provide for an adequate supervisory framework and segregation of duties;
- The Director of the Service directly managed the real estate investments of the Fund, which did not provide for an acceptable level of accountability;
- One senior investment officer alone managed a $6.5 billion North American equity portfolio, representing about 30 per cent of the Fund's total investments, which appeared to be an excessive concentration of investment responsibility;
- There was inadequate segregation of duties between the front office and the back office in the security-trading process, contrary to sound industry practice;
- There was no evidence to indicate that the use of non-discretionary investment advisers, at a cost of $15.2 million for the biennium 2001-2002, added any significant value to the decision-making process for individual equity transactions. OIOS found no comparable examples in the industry of such practice in the execution of investment transactions;
- The Service's Organization, Policies and Procedures Manual was insufficiently detailed and outdated, and some procedures were not documented. The lack of a comprehensive manual risked improper interpretation and the application of relevant procedures;
- No code of ethics had been developed for staff involved in the investment operations in line with standard investment industry practices.

Procurement and contract administration

- The segregation of duties was inadequate with respect to the formalization of contractual arrangements and the signing of agreements for investment advisory, custodial and record-keeping services;
- Internal procedures on procurement and the administration of contracts in the investment area were not documented, and the functions of the entities and the responsible staff involved were not formally defined;
- Although no procurement authority had been delegated, the Service directly processed extensions of contracts/agreements and negotiated contract terms and conditions with vendors;
- There was no monitoring of contract compliance or review of vendor performance by designated officials of the Service;
- The Service processed extensions of the three-year agreements with the Fund's record-keeping service contractor and two regional custodians long before their expiration dates without adequate justification or evaluation of the vendors' performance.

The audits also disclosed other shortcomings, which, although not as critical to the safeguarding of the Fund's assets, were important to enhancing the overall control environment.

The representative of the Secretary-General for the investments of the Fund at the time of the audit accepted most of the recommendations of OIOS, which are in various stages of implementation. The Investments Committee also discussed the observations of OIOS at its meeting in November 2002 and noted that some recommendations had already been addressed, while others needed further consideration and would be addressed at a later stage.

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I. Introduction

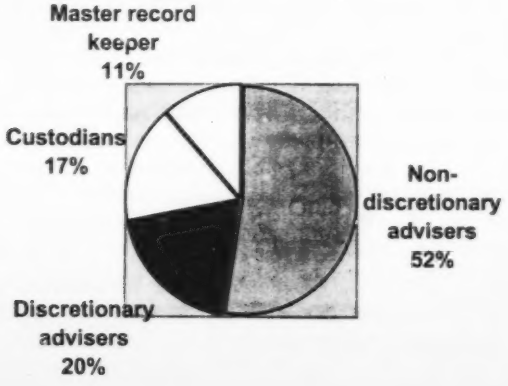
1. The United Nations Joint Staff Pension Fund (UNJSPF), a pension fund for employees of the United Nations and 18 related agencies, was established in 1949. The operational administration of the Fund is entrusted to the Chief Executive Officer, who also serves as Secretary of the United Nations Joint Staff Pension Board. The Chief Executive Officer is assisted by the Fund's central secretariat, comprising 121 staff members.

2. Management of the investment of the Fund's assets is the fiduciary responsibility of the Secretary-General of the United Nations, who acts in consultation with the United Nations Investments Committee, taking into account the observations on policy issues of the United Nations Joint Staff Pension Board and the General Assembly. The Under-Secretary-General for Management is designated as the representative of the Secretary-General for the management and administration of the investments of UNJSPF on behalf of the Secretary-General. The representative is assisted by the staff of the Investment Management Service, which manages the Fund's portfolio.

3. UNJSPF invests in a global portfolio of debt and equity securities, principally equity stocks, in North American, European and Asian markets and to a lesser degree in real estate. As at 30 September 2002, the market value of the Fund's investments stood at $19.9 billion, which represented a decline of $6.1 billion (23.6 per cent) from its highest level, in March 2000.

4. Services in the area of investments are generally procured through the regular United Nations procurement mechanisms, and the Investment Management Service is responsible for related controls over contract administration. For the biennium 2000-2001, the costs related to acquiring investment advisory services (4 non-discretionary institutional investment advisers and 5 discretionary investment advisers),[1] custodial services (4 custodians)[2] and record-keeping services (1 master record keeper)[3] totalled $29.1 million, which were distributed as follows:

Distribution of investment advisory, custodial and record-keeping service costs



5. The Office of Internal Oversight Services (OIOS) conducted audits of investment management activities and procurement and contract administration at the Investment Management Service between September 2001 and March 2002. The main objectives of the audits were: (a) to assess the adequacy and effectiveness of internal controls; (b) to check the reliability of reported data; (c) to assess the efficiency and effectiveness of the investment operations; and (d) to assess compliance with existing rules, regulations and policies.

II. Investment management

6. The investment management audit covered the operations of the Investment Management Service during the biennium 2000-2001 and included: (a) a review of investment policies and procedures; (b) an analysis of the decision-making process for investment management; (c) an assessment of investment performance reporting (internal and external); and (d) random testing of investment transactions. In order to assess the appropriateness of the Service's investment procedures and practices, OIOS consulted with other organizations on their pension fund investment procedures and obtained information on best practices in the industry.

A. Internal controls

1. Policies and procedures

7. The Investment Management Service's Organization, Policies and Procedures Manual describes, in general terms, the investment management process. However, some procedures were not documented or were insufficiently detailed. The Manual also contains conflicting statements and errors, and some provisions do not reflect the current organizational structure and actual workflow of operations.

2. Segregation of duties

8. In the investment industry, sound internal control practices for trading securities require that the functions of the front and back offices be strictly segregated. However, OIOS found that some procedures set out in the Manual were contrary to this internal control practice. For example, the Investment Section (front office) initially verified trade confirmations received from brokers, rather than the Operations Section, which performs the back-office functions in the trading process. This situation creates a risk that investment staff could conceal irregular transactions.

3. Compliance with established procedures

(a) Approval authority limits

9. The representative of the Secretary-General for the investments of UNJSPF and the Director of the Investment Management Service had unlimited joint approval authority for the execution of investment transactions and the handling of the Fund's assets. However, in view of the internal control practices customary in the industry and the market value of the Fund's assets (about $20 billion), in the opinion of OIOS, the approval of very large transaction amounts (e.g., over $100

million) should be exercised with the advice of a collegial body, such as the Investments Committee or a subcommittee thereof established for that purpose.

(b) Execution of investment recommendations

10. The investment process in the Investment Management Service starts with the formulation and processing of an investment recommendation for a particular security, which can be initiated by either a contracted investment adviser or an investment manager of the Service. The Service obtains the opinion of the non-discretionary advisers for all recommendations on equity trading. The Manual states that after approval of the recommendation, the Service will transmit appropriate instructions to the adviser, brokers and master record keeper in writing using an order form.

11. OIOS found that trade orders could be executed as long as three months after the date of the recommendation. According to the Investment Management Service, the investment manager alone establishes the execution dates at any time during the recommendation's validity. However, considering the volatility of the market, especially in recent years, the recommendation of the adviser may not be valid for the entire period of time permitted for executing the recommendation. Moreover, the Manual does not specify the three-month time frame for the execution of trade recommendations practised by the Service.

(c) Inadequate procedures for documenting the investment process

12. A review of investment transactions showed that in some cases, the investment process had not been adequately documented. There were also instances in which the order approval and/or trade dates preceded the date of the recommendation's approval by up to one week. According to the Investment Management Service, transactions may be executed prior to their written authorization if market conditions are volatile. In such cases, verbal approval is obtained prior to the execution of the trade, followed by the written authorization. In the opinion of OIOS, such verbal approvals should be documented and kept on file, since a lack of documentation of the approval could lead to unauthorized transactions going undetected for extended periods of time.

B. Investment process

13. Pursuant to articles 19 and 20 of the UNJSPF regulations, the Investments Committee assists the Secretary-General in the investment of the Fund's assets by advising on investment policies, asset allocation and strategy, diversification by type of investment, currency and economic sector and other related matters. However, the functions of the Investments Committee are only advisory in nature, whereas investment committees in public and private sector pension funds play a more active role and are charged with wider responsibilities, such as establishing and maintaining investment policies, standards and procedures; providing a system for monitoring investment returns and assessing the performance of portfolio managers; and hiring and dismissal of investment managers. OIOS will review this governance issue in a future audit.

1. Use of investment managers

14. In 1998, an expert contractor conducted an operational audit of Investment Management Service activities and recommended that the Service increase the

number of investment managers to achieve more efficient portfolio management. At the time of the OIOS audit, the Fund's portfolio was managed by the Director (real estate transactions), six Investment Management Service investment officers (stocks and fixed-income securities) and six discretionary advisers for managing small capitalization accounts (representing about 4 per cent of the Fund's portfolio). Although in the past three years the Service has increased the number of portfolio managers by one discretionary adviser and two investment officers, in the opinion of OIOS there is still a need for additional resources to conform to industry practice.

2. Non-discretionary investment advisers

15. The Investment Management Service uses four non-discretionary investment advisers, who provide economic and capital market analysis and make recommendations on investment strategy and the individual investments of the Fund. The total fees for their services in the biennium 2000-2001 amounted to $15.2 million, or 40 per cent of the Fund's total investment costs. Each recommendation on the purchase or sale of an individual security approved by the Service and the representative of the Secretary-General has to include the opinion of one of the non-discretionary advisers.

16. OIOS is concerned that, under the current arrangements, it is not clear whether there is significant value added by using non-discretionary investment advisers for advice on individual equity transactions, considering that such advice is also available from the full-service brokers used by the Service, and from other sources. Furthermore, the Service's investment officers, who are internal portfolio managers, do their own research and analysis as well. In addition, OIOS found no comparable examples in the investment industry where internal portfolio managers who use full-service brokers are also assisted by non-discretionary advisers in executing individual investment transactions.

17. OIOS also made the following observations on the Fund's use of non-discretionary advisers:

(a) A review of the trades executed by the Service in 2001 showed that most of the trade recommendations for equities had been initiated by its investment officers;

(b) There was no evidence that the Service assessed the services provided by the non-discretionary advisers on a regular basis or that their performance had been evaluated in terms of the quality of their advice. Furthermore, no performance parameters had been established against which to measure the advisers' performance and the value added by their recommendations;

(c) The agreements with the advisers provided for a flat fee for services. As the fee is not broken down by component, it was impossible to determine the proportion of costs by type of service rendered.

3. Discretionary advisers

18. The Investment Management Service supervises the management of six small capitalization equity accounts the managers of which have discretionary authority in handling such accounts in Japan (1 adviser), North America (3 advisers) and Europe (2 advisers). The total allocation of assets to the external managers/advisers with discretionary authority, as at 1 January 2002, was about 4 per cent of the Fund's portfolio.

19. According to the Investment Management Service, there is limited monitoring of these managers by the investment officers, since they are discretionary managers and should be given the scope to manage their portion of the portfolio. The discretionary advisers submit activity reports to the Service on a quarterly basis. However, OIOS found no evidence to indicate that their performance was monitored by the Service on an ongoing basis. The lack of regular performance monitoring (including the establishment of benchmarks) may have an adverse impact on the investment performance of the Fund, and provides no basis for determining whether the investment managers should be retained.

C. Organizational structure and personnel issues

1. Organizational structure and operational responsibilities

20. The OIOS review of the organizational structure and operational responsibilities of Investment Management Service staff identified the following internal control issues:

(a) The organizational structure is flat and has not provided for adequate supervisory review. All investment officers report individually to the Director on both administrative and operational matters, which, in the view of OIOS, does not reflect an adequate segregation of duties;

(b) The Director of the Service, with the assistance of a senior portfolio assistant, directly manages the execution of real estate transactions, which does not allow for an acceptable accountability mechanism. According to the Manual, this function is supposed to be performed by the Investment Section. Thus there are no adequate checks and balances in the execution of real estate transactions;

(c) Only one senior investment officer manages the $6.5 billion North American equity portfolio, representing about 30 per cent of the Fund's total assets. In the view of OIOS, this concentration of responsibility is inadvisable, since it is unreasonable to expect that one person would be able to keep abreast of all developments concerning North American equity markets.

2. Code of ethics

21. The Staff Regulations and Rules together with the standards of conduct for the international civil service, which were adopted by the General Assembly in its resolution 56/244 of 24 December 2001, establish the values, principles and standards of conduct of United Nations staff members. However, there is no specific code of ethics for Investment Management Service staff who are involved in investment operations and perform investment management functions on behalf of UNJSPF, contrary to investment industry practice. Furthermore, the Assembly, in paragraph 10 of its resolution 52/252 of 8 September 1998, requested that the Secretary-General prepare additional rules of conduct for particular groups of staff, such as finance officers, procurement officers and staff of separately funded organs. In the opinion of OIOS, the staff of the Investment Management Service should be considered such a group. It should also be noted that although staff regulation 1.2 (m) and staff rule 101.2 (o) address the issue of conflicts of interest and set certain financial disclosure requirements for staff members, the procedures for the filing and utilization of financial disclosure statements as provided for under staff rule

101.2 (p), have not yet been established, except for staff members at the Assistant Secretary-General level and above, pursuant to staff regulation 1.2 (n).

22. In the view of OIOS, the Service should adopt an appropriate code of ethics for its investment staff and incorporate in the Manual specific elements of the code, including industry guiding principles, standards of conduct, policy on personal investments, descriptions of conflict of interest and requirements to periodically acknowledge the awareness of professional obligations and ethics. The Board of Auditors also raised this issue in its report on the accounts of the Fund for the biennium ended 31 December 2001.[4]

3. Personnel issues

(a) Rotation and replacement policy

23. According to the management of the Investment Management Service, investment officers are occasionally rotated within the Investment Section for internal control purposes. The first such rotation took place in 2001. While OIOS acknowledges this measure as an internal control tool, there is a need to establish a formal policy on staff rotation and to clearly define rotation requirements and time frames. OIOS also found that there was no succession plan for assigning or replacing investment management staff. A replacement is decided on only when the need arises.

(b) Performance evaluation of investment officers

24. The Investment Management Service does not maintain records on investment performance for the individual investment officers who manage the Fund's portfolio. According to the management of the Service, each investment officer is evaluated on the basis of the performance of his or her respective portfolios by market, and that performance is documented in the officer's Performance Appraisal System report (PAS). OIOS noted, however, that the goals documented in the PAS were not standardized for all investment officers, and specific quantitative benchmarks were not always included. It should also be noted that the Organization, Policies and Procedures Manual did not include criteria for evaluating the performance of investment officers. In the opinion of OIOS, in order to properly monitor investment performance, a formal performance tracking record should be maintained for each investment officer as a supplement to his or her PAS. The record should be updated quarterly.

III. Procurement and contract administration

25. The audit of contractual services at the Investment Management Service included a review of procurement procedures and an assessment of the contract administration system used by the Service in monitoring the process. During the period reviewed (2000-2001), 14 contractors provided the Service with advisory, custodial and record-keeping services having a total value of $29.1 million.

A. Policies and procedures

1. Procurement authority

26. Investment services are provided to the Fund in accordance with contracts (also formally referred to as agreements) that are valid for three to five years. OIOS found that all of the agreements for custodial, advisory and record-keeping services, as well as extensions to the agreements, had been signed by the former representative of the Secretary-General for the investments of UNJSPF, who was also the Under-Secretary-General for Management. Under financial rule 105.13, the Under-Secretary-General for Management is responsible for the procurement functions of the Organization (see ST/SGB/2003/7). However, in the case of procuring investment services for the Investment Management Service, the Under-Secretary-General for Management is also responsible for the requisitioning of those services as the representative of the Secretary-General. In the view of OIOS, this situation resulted in an apparent conflict in responsibilities that represented an inadequate separation of duties.

2. Procurement procedures

27. An essential aspect of internal control is the documentation of procedures. However, the procedures on procurement and the administration of contracts in the investment area had not been adequately documented, and the functions of the Investment Management Service officials involved in procuring investment services and administering contracts were not formally defined. In addition, no procedures had been developed with respect to the interaction of the Service with the relevant units and sections of the Fund's secretariat and the Procurement Division of the Office of Central Support Services at the various stages of the procurement process, including the payment of vendor invoices.

B. Compliance with established procurement procedures

1. Extension of contracts and negotiation of fees

28. All custodial, record-keeping and other related services in the investment area are contracted for through the Procurement Division of the Office of Central Support Services, subject to review by the Headquarters Committee on Contracts in accordance with the relevant United Nations regulations and rules. The services of global investment advisers are procured through a special committee consisting of high-level United Nations officials that reviews proposals for advisory services and submits its recommendations on awarding contracts to the Secretary-General for approval and to the Headquarters Committee on Contracts for review. The review of selected contracts by OIOS, however, identified cases where the actions of the Investment Management Service did not comply with United Nations procurement policies and procedures, as illustrated by the following examples:

(a) The Service processed extensions of the terms of the contracts with Fund custodians without the involvement of the Procurement Division;

(b) The Service acted independently in renegotiating the terms and conditions of contracts, including negotiating fees and processing extensions of

contracts and agreements for small capitalization investment advisers having an estimated value of $3 million a year;

(c) The Service did not inform the Procurement Division of amendments to the agreements with small capitalization investment advisers. As a result, not all contract amendments were registered with the Division, as is required. The Service has taken corrective action, and has advised OIOS that copies of contracts processed from 2001 to date have been submitted to the Division;

(d) In one case a written request to continue performing services was issued and communicated to a custodian bank six days after the expiration of the agreement. As a result, the contractor held in custody and operated the funds of UNJSPF for nearly one week without a valid written agreement, which could have put at risk the funds held by the bank. The Service informed OIOS that a procurement tracking system to monitor the expiration of contracts would be available by 31 December 2002.

2. Compliance monitoring and vendor performance review

29. The Service had no system in place to monitor compliance with contract conditions and to ensure the timeliness and quality of the services provided. For example, certain reports and other data required from vendors in accordance with the respective agreements had not been provided. Moreover, vendor performance evaluations were not conducted by the Service on a regular basis. The Board of Auditors also commented in its report on the accounts of UNJSPF for the biennium ended 31 December 2001 on the need for the Service to introduce evaluation criteria and to monitor the performance of the Fund's advisory and custodial service providers.[4]

30. In July 2000, seven months after agreements with an expiration date of 30 November 2002 had been signed with the master record keeper and two regional custodians, the Service processed extensions of the agreements for an additional two years, to 30 November 2004, at an estimated total cost of $3.1 million a year. The management of the Service commented that a decision had been made that all custodial and advisory contracts should be for at least five years instead of two to three years, and therefore all contracts that had already been signed were amended so that they would expire on the same date. However, there was no written justification on file supporting this action.

31. In the opinion of OIOS, any extension of contracted services should be based on a formal evaluation of vendor performance. Taking into consideration that the Service had had problems with the former master record keeper and several custodians in respect of the quality of the services rendered, the premature extension of agreements with vendors that had not provided services to the Investment Management Service or the United Nations before — and without having first evaluated their performance — created a risk of loss to the Fund. In addition, the Service extended the agreement with another custodian for two and a half years at an estimated cost of $250,000 a year without having the extension reviewed by the Headquarters Committee on Contracts.

C. Monitoring the procurement process

32. The Investment Management Service did not have a tracking system that was adequate to monitor procurement requests efficiently from the requisition stage to final payment. This resulted in the following shortcomings:

(a) Procurement requests were not properly authorized, approved and accumulated to provide an audit trail. Requisition logs were not supported by itemized requests, showing a written authorization, date of request and planned delivery dates;

(b) In some cases, the expiration dates of contracts and purchase orders were not adequately monitored. For example, payments were made for legal services in 2001 based on a purchase order that had expired on 31 December 2000;

(c) An overpayment due to a clerical error in the payment instructions was found by the Service almost one year after the incorrect amount had been paid to the vendor.

33. In the opinion of OIOS, an automated tracking system could have prevented the above shortcomings and facilitated the monitoring of the procurement and contract administration process. Given that the Pension Fund secretariat already has an automated procurement tracking system through which procurement requests are generated, authorized and tracked up to the payment phase of the procurement cycle, the Service should consider using this system.

IV. Recommendations[5]

34. Listed below are the critical recommendations made by OIOS to improve the internal controls and procedures of the Investment Management Service, along with comments received from the representative of the Secretary-General at the time of the audits, which are in italics. OIOS will continue to follow up on the Fund's progress in implementing the recommendations.

A. Investment management

Recommendation 1

35. The Investment Management Service should revise its Organization, Policies and Procedures Manual and the manual of the Operations Section to ensure that all policies and procedures governing the work of the Service are fully documented, updated and formally approved. The manuals should reflect the current organization chart and flow of operations, specify internal controls in the investment management process and clearly define the functions and responsibilities for investment decision-making, the execution of transactions and monitoring of the performance of investment managers (AS2001/95/1/01).

36. *The representative of the Secretary-General accepted the recommendation and informed OIOS that it had already updated the Operations Section manual.*

Recommendation 2

37. In order to provide for the proper segregation of duties, the Investment Management Service should revise the existing trading procedures by assigning the function of initial verification of trade confirmations to the Operations Section, which should receive all trade confirmations directly from brokers (AS2001/95/1/02).

38. *The representative of the Secretary-General accepted the recommendation of OIOS to revise the existing trading procedures and indicated that it would amend the manuals accordingly.*

Recommendation 3

39. The Investment Management Service should establish realistic validity periods for executing approved transactions and include those requirements in the Organization, Policies and Procedures Manual (AS2001/95/1/06).

40. *The representative of the Secretary-General accepted the recommendation of OIOS.*

Recommendation 4

41. The Investment Management Service should ensure that approvals of recommendations and trade orders are properly documented and filed and that any verbal instructions made by authorized officials on an exceptional basis are also documented to provide a management trail (AS2001/95/1/08).

42. *The representative of the Secretary-General did not respond to this recommendation.*

Recommendation 5

43. The Investment Management Service should review the current investment process, including the authorization requirements for investment transactions and the use of "full-service" brokers and non-discretionary advisers, in terms of the value of services provided, as well as any excessive costs and duplication of tasks associated with this practice (AS2001/95/1/16).

44. *The representative of the Secretary-General indicated that a thorough review of all non-discretionary advisers had been made in 2000 when all their contracts were reviewed and that a special committee had been constituted to review the requests for proposals that had eventually resulted in the award of contracts to the current advisers.* OIOS reiterates that the review it had recommended does not relate to the process of selecting non-discretionary advisers and procuring their services, but rather relates to ensuring that fair value for money is obtained and that there is no duplication of tasks. OIOS is concerned because it has found no comparable examples of investment industry practices where internal portfolio managers who use full-service brokers are also assisted by non-discretionary advisers in executing investment transactions.

Recommendation 6

45. The Investment Management Service should obtain a cost breakdown by type of service rendered for each non-discretionary advisory services contract and require it in future requests for proposals for such services (AS2001/95/1/17).

46. *The representative of the Secretary-General accepted the recommendation.*

Recommendation 7

47. The Investment Management Service should ensure that monitoring procedures are formalized and that reviews of the quarterly reports submitted by the *small cap* managers are adequately documented (AS2001/95/1/19).

48. *The representative of the Secretary-General advised OIOS that, starting in 2002,* small cap *managers have been required to report on their performance to the*

Investments Committee and indicated that the Investment Management Service would also report to the Investments Committee on the performance of the discretionary advisers on a quarterly basis.

Recommendations 8 and 9

49. The Investment Management Service should:

(a) Establish more appropriate reporting lines and clearly delineate functional responsibilities in accordance with operational requirements (AS2001/95/1/21);

(b) Reassess the requirements for additional investment officers, especially for North American securities, and/or consider outsourcing a portion of the North American equity portfolio to outside discretionary investment managers (AS2001/95/1/22).

50. *The representative of the Secretary-General accepted the recommendations.*

Recommendation 10

51. The Investment Management Service should develop a comprehensive code of ethics for its staff involved in investment management and incorporate it into the policy manual and should require all investment staff to acknowledge in writing annually that they have read and understood the code (AS2001/95/1/23).

52. *The representative of the Secretary-General stated that the case for a separate code of ethics for a particular small group of United Nations staff had not been made and, in this regard, the Pension Board, in June 2002, noted that the United Nations standards of conduct were applicable to the staff of the Investment Management Service, as were the Financial Rules.* OIOS agrees that as international civil servants, the investment staff of the Service are required to perform their professional functions in accordance with the United Nations standards of conduct and the Financial Rules. However, as investment staff they should also follow a code of ethics established for professionals operating in the investment industry. Such a code would include specific elements and requirements not entirely covered by the United Nations code of conduct, such as requirements for annual written acknowledgement of the code of ethics, descriptions of possible conflicts of interest and a policy on personal investments. It should further be recalled that the General Assembly, in paragraph 10 of its resolution 52/252, requested that the Secretary-General prepare additional rules of conduct for particular groups of staff, such as finance officers, procurement officers and staff of separately funded organs. In the opinion of OIOS, the staff of the Investment Management Service should be considered such a group.

Recommendation 11

53. The Service should ensure that appropriate benchmarks are identified in order to evaluate the performance of investment officers and that investment performance reports are customized and attached to the PAS (AS2001/95/1/26).

54. *The representative of the Secretary-General accepted the recommendation.*

B. Procurement and contract administration

Recommendation 1

55. The representative of the Secretary-General for the investments of UNJSPF should review the current contract-signing arrangements concerning agreements/contracts for investment services and make alternative arrangements in order to provide for adequate separation of duties (AS2001/96/1/01).

56. *While recognizing the conflict concerning the signing of agreements/contracts for investment services at UNJSPF, the representative of the Secretary-General advised OIOS that the problem was mitigated through the use of a procedure in which a special committee, consisting of high-level United Nations officials, reviews proposals for advisory services. The special committee submits its reports and recommendations on awarding contracts to the Secretary-General for approval and to the Headquarters Committee on Contracts for information. Agreements and contracts are then signed by the representative of the Secretary-General. The representative of the Secretary-General also stated that the use of the special committee for all investment advisory services would be expanded to cover custodial services.*

Recommendation 2

57. The Investment Management Service should establish, in cooperation with the UNJSPF secretariat, the terms of reference of the procurement function in the investment area (AS2001/96/1/02).

58. *The representative of the Secretary-General accepted the recommendation, advising OIOS that, in cooperation with appropriate offices, including the Procurement Division, formal terms of reference and procedures governing the procurement function and the procurement process within the Service would be established. The representative of the Secretary-General further advised OIOS that a new procedures manual had been issued.*

Recommendation 3

59. The Investment Management Service should issue detailed procedures covering all phases of the purchasing process, including requisitioning, contracting, receipt of goods and services, evaluation of contractor performance, certification of invoices and processing of payments. The Service should also develop a user manual for the record management database system (AS2001/96/1/03).

60. *The representative of the Secretary-General reported that the new procedures manual had been completed and that the next step would be to automate the process through the use of a procurement module linking the Service to the Executive Office of the UNJSPF secretariat.*

Recommendation 4

61. The Investment Management Service should ensure that the negotiation of fees and other conditions of the agreements and contracts, including the extension of their terms, is done through the Procurement Division, Office of Central Support Services, and that any exceptions to the established procurement procedures are properly authorized and documented (AS2001/96/1/04).

62. *The representative of the Secretary-General accepted the recommendation, stating that the Service no longer negotiated fees directly with service providers but assisted the Procurement Division in some specialized areas of fee negotiation.*

Recommendation 5

63. The Investment Management Service should comply with the United Nations procurement policies and requirements: (a) to conduct periodic vendor evaluations in order to assess performance and to validate the continued use of the vendor's services; and (b) to process extensions of contracts through the Procurement Division and to submit them to the Headquarters Committee on Contracts for its review when required (AS2001/96/1/08).

64. *The representative of the Secretary-General accepted the recommendation and advised OIOS that, beginning in 2002, vendor performance would be formally evaluated on a regular basis. The representative of the Secretary-General further stated that the Service would closely monitor the extension of agreements/contracts to ensure compliance with established procedures.*

Recommendations 6 and 7

65. The Investment Management Service should:

(a) Implement an automated procurement system in order to establish control over the procurement process (AS2001/96/1/10);

(b) Ensure that all procurement requests are formally documented, authorized and/or approved before their submission to requisitioning officers and that the requests are properly logged for audit trail purposes (AS2001/96/1/11).

66. *The representative of the Secretary-General accepted the recommendations and stated that the Service was discussing with the Pension Fund secretariat the implementation of a procurement tracking system, which would be available by March 2003. The representative of the Secretary-General also advised OIOS that the expanded procedures had been included in the new procedures manual.*

(*Signed*) Dileep **Nair**
Under-Secretary-General
Office of Internal Oversight Services

Notes

[1] Non-discretionary institutional investment advisers make recommendations on investment strategy and individual investments for the Fund, conduct research, and provide the Investment Management Service with economic, market and security analysis. Discretionary external investment advisers manage the small capitalization accounts of the Fund's portfolio and have the authority to make investment decisions at their discretion. The Service provides them with specific guidelines in managing these accounts.

[2] Custodians are responsible for the safe keeping of securities, the collection of income, the processing of investment transactions and accounting/reporting for the assets under their custody.

[3] The master record keeper is responsible for the consolidated reporting of all securities, financial instruments and other investment obligations held for the account of UNJSPF and all cash equivalents received for the account of the Fund.

[4] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 9* (A/57/9), annex XII.

[5] The symbols in parentheses in this section refer to internal codes used by OIOS for recording recommendations.

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Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Joint Inspection Unit entitled "Managing information in the United Nations system organizations: management information systems" (JIU/REP/2002/9).

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MANAGING INFORMATION IN THE UNITED NATIONS SYSTEM ORGANIZATIONS:

MANAGEMENT INFORMATION SYSTEMS

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JOINT INSPECTION UNIT

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ACRONYMS

ACC	Administrative Committee on Coordination (now CEB)
CEB	United Nations System Chief Executives Board for Coordination (formerly ACC)
CIO	Chief Information Officer
ERP	Enterprise Resource Planning
FAO	Food and Agriculture Organization of the United Nations
HLCM	High-Level Committee on Management
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICC	International Computing Centre
ICT	Information and communication technology
ILO	International Labour Organization
IMIS	Integrated Management Information System
IMO	International Maritime Organization
ISCC	Information Systems Coordination Committee
IT	Information technology
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
MI	Management information
OECD	Organisation for Economic Co-operation and Development
OIOS	Office of Internal Oversight Services
UNDCP	United Nations Drug Control Programme
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNOV	United Nations Office at Vienna
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

EXECUTIVE SUMMARY

Background

It has become increasingly important for the organizations in the United Nations system to take advantage of the rapidly evolving information and communication technologies (ICT) for improved management, as the basis for performing their mandates efficiently and effectively. The United Nations system organizations are estimated to have already spent a significant amount of resources (close to US$ 1 billion) over the last decade in introducing computerized management information (MI) systems (including "legacy" systems) designed to facilitate improved management in human resources, finance and administrative areas.

Objectives

(1) To review the experiences on MI systems in the United Nations system organizations and draw lessons therefrom; and

(2) To provide a set of guidelines aiming at (*a*) strengthening information management and (*b*) improving design and implementation of MI systems as effective tools for better management in the United Nations system organizations.

Main findings/conclusions and recommendations

A. Information is a resource that needs to be managed effectively, like financial and human resources. Managing information resources effectively is not only a major organizational challenge but also provides an opportunity for enhancing efficiency, thus strengthening the United Nations system organizations over time. Although there have recently been some positive developments in related matters, not all executive management in the United Nations system organizations and legislative organs has fully recognized the importance of information management, the critical role of which is to ensure that key decision makers have real-time information when needed for making a proper judgement and/or a decision.

B. The first step towards effective management of information resources is to develop an organization-wide information management strategy, but many organizations introduced MI systems without having such a strategy. The information management strategy is distinct from an information technology strategy in the sense that information technology (IT) or ICT are tools for an effective information management process.

C. MI systems are extensively used in the United Nations system organizations for specific managerial areas; financial and human resources management, payroll, procurement, travel, conference management, contract management, document management. The degree of development and use of such systems varies from one organization to another: some of them have relatively sophisticated MI systems (combining programme/substantive areas into the systems), whereas most of the others use those systems for administrative functions only. In any event, many organizations developed various systems without due regard to their integration into an organization-wide system designed to facilitate improved management.

D. A number of organizations in the United Nations system are developing or are interested in introducing an integrated organization-wide resource management system called the Enterprise Resource Planning (ERP) system. This solution would have merits including support for results-based management. However, many United Nations system organizations that are developing an ERP system have failed to meet the necessary and sufficient prior conditions required for cost-effective implementation of such a system. These conditions include: (*a*) streamlining existing work processes; (*b*) putting a management structure in place and establishing an operational plan; (*c*) planning for integration of various MI systems in a streamlined work process; (*d*) identification of requirements and in-depth review of functionality that ERP applications provide; (*e*) cost-benefit analysis of various options, such as in-house development of a system and purchase of an "off-the-shelf" (commercial) application package and (*f*) provision of adequate training. All of these conditions should have been met prior to introducing/developing such a system or taking substantive decisions on any related matter.

E. In view of the fact that implementation of projects for MI systems, in particular ERP systems, is a resource-intensive undertaking, effective project management is critical to successful development and introduction of such systems.

F. No commonly agreed way of computing costs of MI system projects has been established in the United Nations system. A number of organizations are not even in a position to provide financial implications, on solid ground, of their MI system projects. This prevents the Member States not only from having a transparent overall picture in terms of their financial burden for MI system projects, but also from having a comparative cost analysis across the organizations in the United Nations system.

G. Inter-agency cooperation/coordination on MI systems is not an easy task, particularly because organizations tend to stress differences (in functional requirements, regulatory frameworks, financial ability, etc.) rather than commonality. In view, however, of the magnitude of resources involved in developing MI systems, the organizations in the United Nations system, under the leadership of the United Nations Secretary-General as the Chairman of the United Nations System Chief Executives Board for Coordination (CEB), should make utmost efforts to enhance cooperation in order to avoid/minimize duplicated efforts and investments. Member States are expected to play a vital role in this respect by sending a clear signal/message, through proper legislative action, to the secretariats of the organizations in the United Nations system.

RECOMMENDATION 1

Legislative organs should request the Executive Heads of the respective United Nations system organizations that have not yet done so to prepare and submit, for review and appropriate action, a comprehensive strategy for information management/MI systems (including indication of required resources for development and implementation), with due regard to a full introduction of the results-based management approach (paras. 12, 14, 15, 17, 23, 24, 27, 28, 30, 31).

RECOMMENDATION 2

Legislative organs should request the Executive Heads of the respective United Nations system organizations that have not yet done so to take the following measures (paras. 17, 18)**:**

(1) Designate/appoint a senior official to serve as Chief Information Officer (CIO) who would have the functions indicated in (*a*), (*b*), (*c*), (*d*) and (*e*) below. Depending upon organization-specific circumstances, however, the CIO functions could be performed by an appropriate unit or, in the case of small organizations that cannot afford a CIO, by a senior official with organization-wide coordinating responsibilities as well as some IT knowledge;

(*a*) Keep the organization's information management strategy and IT in alignment with its corporate business plan;

(*b*) Ensure that information-management policies and standards are strictly followed and the IT infrastructure is well managed;

(*c*) Ensure that key decision makers on both substantive and administrative matters have proper and timely information;

(*d*) Facilitate developing and maintaining a culture for improving information management in the organization by exploring new technological possibilities as required; and

(*e*) Seek compatibility, to the extent possible, in MI systems-related policies and practices with other organizations in the United Nations system, and represent the organization in inter-agency meetings and consultations (see recommendation 5 (1)).

(2) In the context of (1) above, the CIO or the official (including the chief of "an appropriate unit") who has CIO functions should report directly to the Executive Head or, if so warranted in view of the size of an organization, to the Deputy Executive Head in charge of programmes.

RECOMMENDATION 3

Legislative organs should request the Executive Heads:

(1) To take, as far as they have not yet done so, the following steps prior to introducing and/or developing a new MI system (paras. 16, 22, 24, 26, 28-31, 34, 37, 40, 41)**:**

(*a*) Streamline existing work processes, procedures and practices in such a way as to support results-based management, and identify functional requirements to meet their mission-critical objectives on the basis of streamlined work processes/procedures/practices, with due consideration of a possible outsourcing of support functions such as payroll, accounting etc. (see recommendation 5(c)).

(*b*) Establish a plan for integrating various management systems (like financial and human resources management systems), with a view to introducing/developing an integrated and organization-wide management information system such as ERP.

(*c*) Carry out an in-depth review of functionality that ERP applications can provide, and make a cost-benefit analysis of various options available to each organization (such as developing in-house, sharing services with other United Nations entities, buying a commercial package, including the possibility of changing procedures to adapt to the best industry practices rather than "customizing" commercial products to adapt to the requirements of the organizations), bearing in mind the need, to the extent possible, for inter-agency cooperation and coordination (see recommendation 5).

(2) To report, for review and appropriate action, on the measures taken on the above, and, on a regular basis, on the progress made in MI system project implementation.

RECOMMENDATION 4

With a view to enhancing transparency and comparability of financial implications of MI system projects, the United Nations Secretary-General, in his capacity as Chairman of CEB, should request the CEB/High-Level Committee on Management (HLCM) to establish a standardized cost classification, to be used for cost estimates of MI system projects implemented by the United Nations system organizations and to report thereon to the competent legislative organs of these organizations through the Executive Heads of the respective organizations (paras. 42-44).

RECOMMENDATION 5

In order to enhance cooperation and coordination in respect of designing and implementing MI systems in the United Nations system organizations by avoiding duplicated efforts and investments, the United Nations Secretary-General, in his capacity as Chairman of CEB, should request the CEB/HLCM (paras. 4, 40, 41, 45-47)**:**

(1) To intensify consultations on this matter, by taking into account the following options:

(*a*) Joint designing and/or joint implementation of MI systems among organizations having commonality in the nature of their mandates[1] and/or similar requirements with respect to support functions (e.g. payroll processing, accounting, human resources management, general services);

(*b*) Sharing services with other organizations in the United Nations system;

(*c*) Outsourcing common support functions to other organizations;

(*d*) Application hosting for other United Nations system organizations by those which have developed the ERP system; and/or

(*e*) Possible enhanced use of the International Computing Centre (ICC).

(2) To report thereon to the competent legislative organs, for review and appropriate action, through the Executive Heads of the respective organizations.

[1] Based on discussions with officials in a number of organizations in the United Nations system, it is considered that the United Nations system organizations could broadly be grouped into, for instance: the United Nations itself, the United Nations funds and programmes, and the specialized agencies, which could also be classified into a number of sub-groups such as field or headquarters-oriented, big or small organizations.

I. INTRODUCTION

1. Taking advantage of rapidly evolving information and communication technologies (ICT) has become increasingly important for improved management in the United Nations system organizations to perform their mandates in a more efficient and effective way. While these organizations generally recognize the role of ICT in a reform process aimed at improving management, the need for a strategic and comprehensive approach to integrate ICT for management purposes has largely been neglected.

2. Only recently has the importance of technological and managerial aspects of information seemed to have been recognized. Following its 1996 joint statement on reform and strengthening of the United Nations system, the Administrative Committee on Coordination (ACC) in April 1997 adopted a comprehensive statement on universal access to basic communications and information services. This statement addressed in detail the urgent need for a strategic and more systematic approach to ICT, based on strengthened United Nations system-wide collaboration. The critical role that information and its management play in the performance of mandates was reconfirmed by the United Nations Secretary-General during the Millennium Summit.[2] In this context, the High-Level Committee on Management (HLCM) of the United Nations System Chief Executives Board for coordination (CEB) concluded, at its meeting in September 2001, that capitalizing on technology was one of its priority work themes.

3. Many United Nations system organizations have been developing and implementing management information (MI) systems. It is generally conceived that cost-effective design and implementation of such systems is not an easy task, one which requires specific technical and information-management skills, leadership and vision, as well as effective system-wide co-operation, not to mention the financial implications of such major undertakings.

4. In spite of considerable financial investment in MI systems, which is estimated to be close to US$ 1 billion over the last ten years for the whole United Nations system (see paragraph 43), most of the United Nations system organizations have had a modest success in their implementation. The usefulness of such systems is limited generally to administration, as an administrative-processing tool, and they are not functioning as full-fledged ERP systems to be used for strategic management and decision-making. Furthermore, lack of efficient inter-agency coordination and collaboration led to system design and development by individual organizations without effectively sharing experiences and knowledge with other organizations, resulting in duplication of efforts and unnecessary investment.[3] In the United Nations system as a whole, individual organizations repeatedly incurred a considerable amount of expenditures for the same purposes, such as feasibility studies, analysis of requirements, and negotiation and award of expensive support contracts with external suppliers of services and software products. In view of the above, it is of critical importance to both the Member States and the secretariats of the United Nations system organizations to come up with effective, efficient and economically viable solutions for MI systems that would facilitate improved management and strategic decision-making. Oversight bodies/mechanisms in the United Nations system could also play an important role in this context.

[2] "The digital revolution has unleashed an unprecedented wave of technological change. Used responsibly, it can greatly improve our chances of defeating poverty and better meeting our other priority objectives. If this is to happen, we in the United Nations need to embrace the new technologies more wholeheartedly than we have in the past." (A/54/2000 of 27 March 2000)

[3] For example, to cope with the system for calculating entitlements and benefits, each organization has developed/customized its own human resources (HR) processing packages. In this respect, however, a common payroll system would have been possible for most of the United Nations system organizations from a technical and functional point of view.

Scope of the report

5. This report focuses on the experiences of United Nations system organizations in respect of development and implementation of MI systems,[4] and reviews key managerial and operational issues relating to them, such as strategy, leadership, governance, functionality, outsourcing, costs, as well as inter-agency cooperation and coordination. In this context, the intent of the report is to stress the importance of making the best use of available information for effective resource management and decision-making with the support of adequate MI systems. To maintain the focus, the issue of knowledge management in terms of management of programmatic data warehouse systems is not discussed in this report.

Methodology

6. The methodology used for the report includes comprehensive desk review of relevant documents of United Nations system organizations, as well as those of other organizations outside the United Nations system. Relevant reports of national oversight bodies on MI systems were also taken into account for benchmarking purposes. Furthermore, a questionnaire was sent out to 20 United Nations system organizations, and interviews were carried out with knowledgeable senior officials responsible for information technology, budgeting, human resources management and administrative support services in Geneva, New York, Rome and Vienna.

Table A presents an overview of MI systems within the United Nations system organizations, prepared on the basis of responses to the questionnaire, interviews and/or research.

The Joint Inspection Unit (JIU) expresses its gratitude to all United Nations system organizations and bodies that have contributed to this report.

[4] As defined in paragraphs 19-23, the term "systems" in this report refers to the software package as well as to the operational process; hardware issues are not specifically addressed in view of the scope of this report, although, admittedly, there could be room for cost savings through the rationalization of hardware platforms.

Table A
Management information (MI) systems overview*

Organization	Functional area: Financial management: General acc.	Financial management: Budget	Financial management: Project mngt.	Material and contracts management: Assets mngt.	Material and contracts management: Purchase	Material and contracts management: Materials, logistics	Human resources management: Payroll	Human resources management: HR admin	Human resources management: HR entitlement	Strategy for IM prepared	MI system as a mngt. tool	Cost-benefit analysis carried out	Operational processes reviewed	Cost (in millions of US$)	Interagency coordination	Packages/ systems	Comments/ reference
United Nations (IMIS)	O	S	S		O		O	O	O	technology	no	no	partly	78.6	yes	IMIS	1,2
UNDCP	"IMIS"	O	P		"IMIS"		"IMIS"	"IMIS"	"IMIS"	no	yes	no	no	1.8	yes	IMIS/PS	5
UNDP	IMIS(30%) S(70%)	S	S		?		IMIS	IMIS	IMIS	yes	no	n.a.	n.r.	47	yes	IMIS/own development,PS	3
UNFPA										?	partly	no	n.r.	n.a.	n.a	"PS"	
UNHCR	"ICC"				"ICC"		"ICC"	"ICC"	"ICC"	n.r.	n.r.	n.r.	n.r.	30-40	n.r.	"PS"	4,7
UNICEF	O(HQ) S(field)	O(HQ) S (field)	S	O(HQ) S (field)	O(HQ) S (field)	O(HQ) S (field)	IMIS	IMIS	IMIS/P	yes	yes	partly	yes	n.r.	yes	SAP/IMIS/proms	
UNRWA	O	O		S/P	S/P	S/P	O	O	O	partly	no	yes	partly	4.3	no	RAMCO	
WFP	O	O	O		O	O	O	O	O	yes	yes	yes	yes	37.0	yes	SAP	
ILO	P/S	P/S			P/S		P/S	P/S	P/S	yes	yes	yes	yes	25.0	no	"ORACLE"	6
FAO	O	O/S	S		O	O	S/P	S/P	S/P	yes	yes	yes	yes, BRP	34.0	no	ORACLE	
UNESCO	O	O/S	O	P	O	P	P	P	P	yes	yes	partly	yes	16.0	partly	SAP	
ICAO	S	S			S		S	S	S	technology	partly	n.a.	no	1.5-2	partly	Own development	
WHO	S	S	S	S	S	S	S	S	S	partly	n.a.	preliminary	n.a.	n.r.	n.a.	Own development	
UPU										?	partly	?	n.a.	n.r.	n.r.		
ITU	O	O	S	S	O	O	S/P	S/P	S/P	no	partly	not formal	yes	5.9	yes	SAP	
WMO	O	O			P		S	S		no	yes	yes	partly	0.8	yes	ORACLE	
IMO										n.r.	n.r.	n.r.	n.r.	n.r.	n.r.		
WIPO	P	P		S	S		S	S	S	partly	partly	yes	yes	6.3	yes	selection under way	
UNIDO	O(HQ)					P	P/ "IAEA"	P/ "IAEA"	P/ "IAEA"	?	no	n.r.	partly	1.4	n.r.	Agresso/own development	
IAEA	S	S	S	S	S	S	S	S	S	yes	yes	yes	yes	2	no	not ERP	

* Based on responses to questionnaires, interviews and/or research.

O	ERP modules (operational)
P	ERP modules (planned)
S	Separate systems/own development
" "	Operation performed by other agency
n.a.	Not applicable (according to the reply)
n.r.	No response
"PS"	PeopleSoft solution (planned)
"Oracle"	Oracle solution (planned)

Notes

1	While the United Nations in the reply indicated that document A/55/780 is an IM strategy, the inspectors are of the opinion that it is more an IT strategy
2	In the 13th IMIS status report (A/56/602), it was stated that the IMIS project did not benefit from business re-engineering and process streamlining up front
3	UNDP has recently (May 2002) chosen PeopleSoft for its ERP solution for HQ and all field operations
4	UNHCR has acquired the PeopleSoft software suite according to the Board of Auditors (implementation on hold - stage unknown)
5	UNDCP indicated that only direct external costs are included in the cost for the ERP solution (i.e. excluding staffing and other internal expenses)
6	ILO has informed through the ICT managers group it has chosen ORACLE as its future ERP system
7	Field offices have their own systems

II. MANAGEMENT INFORMATION SYSTEMS

A. Information management

Information as a resource

7. Information is a resource that needs to be managed effectively, like financial and human resources. Effective management of information resources is a basic requirement for good management of the United Nations system organizations.

8. With the increased competition for financial resources in the United Nations system, executive management of its organizations is looking towards ICT tools and solutions for contributing to achieve management objectives, such as increased efficiency, cost reduction, and strengthened communication with Member States.

9. Accountability to the Member States for the use of resources requires not only integration of administrative and financial information in MI systems, but also transparent reporting on performance to the Member States, which presupposes that management of information is effectively aimed at executing mandates and programmes approved by the legislative organs.

10. The complexity of mandates and related programmatic operations entrusted to the organizations in the United Nations system makes it difficult for them to function properly without the help of adequate ICT and MI systems. MI systems backed by appropriate ICT would facilitate the organizations in providing better services to the Member States and in better managing the resources that the Member States make available.

11. In this context, the crux of the matter is to recognize, as referred to above (para. 7), that information is a mission-critical resource. Based on this understanding, identification is needed of (*a*) information required; and (*b*) MI systems required for proper management of such mission-critical resources.

12. While well-designed MI systems would be able to provide key decision makers with real-time information that they require for making a proper judgement and/or a decision, the importance of information management is, in general, not fully recognized. The first step to achieve effective management of information resources is to set up an appropriate IT governance framework with an information management strategy.[5]

IT governance

13. Strategic IT governance is instrumental for achieving organizational mandates in view of the close relationship between the management of information and the performance of the mandates. Legislative organs must exercise strong leadership and provide the Secretariat with clear policy guidance on information management, defining mission-critical information requirements that affect the organizational performance, as well as the way ICT should be used for effective information management. Implementing such a strategic vision will also require a strong commitment by executive management of the Secretariat for bringing about necessary changes in management culture that would involve proper risk assessment and re-engineering of business processes.

14. Generally speaking, legislative organs and executive management of United Nations system organizations have been paying limited attention to the strategic aspect of information management, which is demonstrated by the fact that a small number of organizations adopted comprehensive information management strategies. The information-management strategy is distinct from an ICT strategy. The ICT strategy should address technological requirements so that ICT works as an effective tool for an information-management process; the information-management strategy should focus on identifying mission-critical information as well as system(s) required for effective information management.

15. The lack of comprehensive information management strategies often resulted in unforeseen additional resource requirements for, and/or an unforeseen delay in, IT project implementation. This has prompted reactions from legislative organs, ranging from requesting

[5] Such IT governance frameworks with information management strategies have been set up by a number of organizations including FAO, UNDP, UNICEF and WFP.

auditing and/or additional reporting to freezing of resources. In several cases, MI systems that had been introduced after considerable investment did not meet initial expectations, which is often attributable to a lack of strategic perspective on MI. Furthermore, in many organizations, planning, budgeting and performance measurement (monitoring and evaluation) are still independent components, and not fully integrated with a seamless planning, budgeting and performance-measurement process. As a result, MI systems are not generally seen as a useful tool in support of management and for the purpose of assessing/monitoring an organization's performance by the legislative organs.

16. To improve the situation, IT governance with a strategic vision needs to be enhanced under the stronger leadership of the legislative organs. IT governance thus strengthened, coupled with a clear commitment by executive management of the Secretariat, would facilitate designing and implementing MI systems, and the integration of financial, material and human resources processing systems (as embodied in the systems such as the ERP solution) in a seamless and results-based planning, budgeting and performance-measurement process. Improved efficiency and transparency, change management, re-engineering of operational processes, consideration of best practices and possible use of off-the-shelf solutions could also constitute prominent issues to be addressed in strategic IT governance. The advantages of ERP systems were identified by some organizations. FAO, for instance, indicated that such advantages included support for wider initiatives which would not have been possible with legacy systems, and the ability to monitor and report in a more flexible and targeted manner on the use of resources, thereby improving decision-making and overall performance – a key aspect in times of budgetary constraints.

17. Information is a vital resource at all levels in an organization. Strategic and coherent management of information requires leadership to be exercised all the way through the hierarchy within an organization. In reality, however, the need for such a strategic leadership has not been fully recognized. Design and implementation of MI systems have generally been driven by technical departments responsible for ICT and/or for finance. In order to achieve an optimal level of user-friendliness and usefulness, the introduction of major MI systems has to be guided by a senior official with managerial skills and responsibility at a high level, in addition to competence related to ICT.

18. Such an official, usually called Chief Information Officer (CIO) must be perceived by senior and middle management as entrusted with overall information management of an organization. CIO functions have strategic importance in an organization and the incumbent has a critical role for setting the overall direction for the respective organization, including preparation of an information management strategy. In performing the functions, however, a CIO should not add another bureaucratic layer to an existing management structure. Furthermore, the strategic CIO functions are not necessarily required to be performed by a single person working full-time. These functions could be performed by a senior official on a part-time basis, or by a chief of unit or a committee, although leaving the responsibility at the committee level diffuses commitment, authority, accountability and ultimately trust and effectiveness in performing necessary functions. Responsibility for the day-to-day operation of an organization's IT infrastructure should remain with the unit(s) that is(are) responsible for it. Project champions could be appointed in each relevant user department and entrusted with day-to-day operation of IT projects, as focal points and/or as catalysers who ensure smooth implementation of the IT projects.

B. Definition

19. The term "MI system" has various meanings and scope. An MI system refers to different types of information system, namely:

(*a*) Integrated information-processing systems for administrative and financial transactions, which are normally referred to as ERP systems. The objective of ERP systems is to optimize administrative and financial processes and procedures, to better account for human and financial resources, to introduce performance management tools and to facilitate electronic workflow and thus introduce savings;

(*b*) Specific planning, budgeting and evaluation systems developed outside the integrated ERP solution, or integrated into the ERP solution;

(*c*) Other information systems, not necessarily integrated, which handle limited and specific management information, such as a staff skill inventory or a staffing table; and

(*d*) Specialized programmatic databases or data warehouses, which provide coherent sets of processed or non-processed information, namely knowledge, such as essential policy documents, statistics, maps, evaluation findings and lessons learned, and multimedia resources.

20. The first three types of information system deal with information related to financial and human resources management or with a business process. This information is used for performance measurement and reporting purposes. This report focuses on these three types of information system. The fourth type of information system, which is designed and used as a knowledge management tool, is outside the scope of this report (see paragraph 5).

21. Based on this understanding of MI systems, it should be pointed out that MI systems may mean the following two components, which are in fact the two sides of the same coin:

(*a*) Integrated or non-integrated ICT tools that process a range of financial and human resource transactions, as well as general service transactions (such as procurement, travel arrangements, document management), in a given organization; and

(*b*) Business process or business workflow, translating the organization's rules and procedures into software tools.

22. It is considered that the link between ICT tools and business workflow should be one of the key issues in designing and implementing MI systems. However, few organizations fully considered this link and the impact of new MI systems in the business process, prior to implementing MI system projects. Many organizations came to realize a need for changing their existing business processes during project implementation. Many cases of project failure are actually attributable to the lack of due consideration of this link.

23. In terms of software applications, an MI system refers to seamless interaction across various functional areas based on commonality in data structure. It should generate accurate and timely management information based on real-time data to be maintained and shared between departments. It should enable management to monitor and identify bottlenecks and inefficiencies in the workflow process and take the necessary corrective measures. If such technological functionality is used to support a results-based management process (see paragraph 28-33), the highest potential of MI systems can be realized in the management area.

C. Operational issues

Identification of requirements

24. As stated in paragraph 3, cost-effective design and implementation of MI systems is not an easy task, and the difficulties of such an undertaking should not be underestimated. Not only international organizations, but also national public-sector organizations experience tremendous difficulties in properly designing and implementing MI systems. The experience of the United Nations with its Integrated Management Information System (IMIS), as well as a great number of reports published by national oversight bodies, demonstrate that harnessing technical advantages of information and communication technologies in the management area requires very complex tasks fraught with risks. However, now that an enormous amount of resources have been spent to design and implement MI systems, and valuable experiences have been gained, it is important for the United Nations system organizations to learn adequate lessons from those experiences.

25. A major shortcoming in designing and implementing MI systems in the United Nations system organizations is failure to fully identify requirements prior to implementation of IT projects. Many organizations, which introduced resource-intensive MI systems such as ERP solutions, started implementing the projects in the absence of an overall strategy or a policy for information management and MI systems. Prior to the operational phase of the projects, functional requirements were not fully analysed and working processes not fully documented. Business risks were not systematically assessed, resulting in unforeseen additional financial burdens to sort out problems encountered during project implementation. Instead, external events, such as Y2K, replacement of legacy systems, and

criticism by donors or external auditors drove a number of organizations to aspire to solutions such as ERP. All of these led to cost overruns and/or a delay in implementation of the IT projects, which caused dissatisfaction on the part of users/senior management, not to speak of Member States.

Customization of functionality

26. Commercial products do not usually fully cover the functionalities required by United Nations system organizations, and customization (i.e. adaptation of the commercial products to the requirements of the organizations) is resource-intensive. Virtually all the organizations in the United Nations system therefore face the serious dilemma of reconciling to what extent the functionalities of commercial packages with the mission-critical business requirements specific to the United Nations system organizations, within limited resources.

27. The Inspectors noted, in many cases, that the potential of commercial packages was not fully explored. They could have met a major part of organizational requirements, on the understanding that the remainder could be met by stand-alone systems outside the integrated system that the commercial packages offer. The Inspectors were therefore left with the impression that, if thorough functionality-gap analysis had been made between commercial packages and the mission-critical requirements, the need for customization would have been much less than that actually made by some organizations which introduced ERP systems. In other words, prior to considering the customization of commercial packages, a review of the business requirements and functionalities of commercial packages must be carried out thoroughly in order to ensure that mission-critical business requirements will be supported to the maximum extent by commercial packages.

Results-based management and ERP systems

28. The current overwhelming trend in the national and international public sector is introduction of a results-based perspective in re-engineering business processes; in fact the United Nations system organizations are increasingly called on to adopt a results-based management approach, and use of IT is critical in this context.

29. In reality, however, introduction of an MI system has not always resulted in improved management. Many of the organizations that implemented computerized MI systems failed to design a proper management process based on identification of managerial, procedural and financial requirements for such a process.

30. IT cannot replace good management. Prior to designing an MI system, organizations should review and streamline their existing business processes and identify requirements for improvement. It is noted that streamlining business processes may require action at the International Civil Service Commission (ICSC) level to the extent that such streamlining affects common-system human resources management rules.

31. The United Nations system organizations have gained some experience with their MI systems in a wide range of areas including finance, human resources management, procurement and payroll. Taking into account an increasingly clear mandate from Member States to improve their effectiveness based on results-based management, MI systems in the organizations should have an integrated functionality, like ERP systems, for financial, human and general management areas.

32. Computerized MI systems should be able to generate management information, in particular, performance information that would facilitate decision-making, monitoring and performance measurement. More specifically, an integrated ERP system should be able to have functionality to allow the United Nations system organization to implement a results-based "planning cycle" (i.e. medium-term planning, biennial programme budgeting, monitoring, evaluation and feedback to planning).[6] In order to achieve this, an adequate management process should be designed, determining the role and functions of managers at

[6] In this connection, UNESCO, for instance, pointed out that the planning phase was not supported by available commercial ERP systems. In this regard, UNESCO has developed its specific planning and monitoring system, called "SISTER" which works in complement with its ERP system to realize results-based management.

each organizational level, prior to identifying the most suitable software applications. In the planning cycle, the most critical phase is budgeting, monitoring and evaluation. The budget constitutes the most important policy and operational tool to implement the mandates of the United Nations system organizations. Under results-based budgeting, the budget document comprises financial and non-financial information as performance baseline data (and monitoring and evaluation should be carried out against the budget document). The Inspectors noted that computerized MI systems in the United Nations system organizations are in general not fully linked to the budgeting and performance measurement process based on the budget.[7]

33. In designing and implementing ERP systems, it is necessary to give full consideration to the following aspects:

(*a*) Whether and how an ERP system sustains mission-critical programmes and meets other mandated requirements of the United Nations system organizations, with its operational business process and control mechanisms; and

(*b*) Whether and how an ERP system improves the operations and capabilities of the organizations in performing their mandates.

"Bespoke" MI systems – Integrated Management Information System of the United Nations

34. A typical example of a bespoke (in-house developed) system is the Integrated Management Information System (IMIS) of the United Nations. In 1988, development of the bespoke system was decided in the absence of a commercially available integrated software solution that could meet all the needs of the United Nations. While IMIS is functioning in full compliance with the United Nations Secretariat's business process and procedures, it should be noted that this has been achieved at the cost of US$ 79 million in terms of direct costs (excluding indirect costs) spent over a period of 14 years. IMIS has been developed and implemented without an adequate global strategy.[8] Furthermore, "there was a lack of understanding within the Secretariat of the impact of introducing a new system such as IMIS" and the scope of the project and its budgetary implications were clearly underestimated, as indicated in a report of the Secretary-General. Such a lack of preparedness of the United Nations Secretariat resulted in cost overrun, flaws and omissions in the design, and delays in implementation.[9] It should be recognized, however, that the IMIS project has been implemented in total transparency, with detailed annual reporting to the General Assembly. This transparent practice is worth noting in the light of generally less transparent practices of other United Nations system organizations.

35. In contrast to the experience of the United Nations, there are a small number of United Nations system organizations, such as WFP, that successfully implemented ERP systems, developed and customized from commercially available integrated software solutions. In this context, the Inspectors do not share the view that the "absence of a commercially available integrated software solution that could meet all the needs of the United Nations in the required application areas, noted in 1988, is still a fact in the year 2001".[10] As the experiences in the international and national public sectors show, bespoke developments tend to be expensive and take a considerable time to reach full implementation. In view of this, further expansion/upgrading of IMIS should be approached rather cautiously by duly taking into account a number of factors, including in particular the costs required for upgrading as well as for maintenance.

Project management

36. For the successful operation of MI systems, existence of competent and experienced staff

[7] WFP indicated that its SAP-based ERP system is linked to the budgeting and performance measurement process based on the budget.

[8] The United Nations Secretariat mentioned in its comments on the first draft of this report that the development of IMIS started in the context of a global strategic framework defined in 1998-1999. This means that the whole implementation up to 1997 was carried out without a global strategic framework. It should be noted that in its recent report on the post-implementation review of IMIS at the United Nations Headquarters (A/56/879, paras. 13 and 61), OIOS pointed out that there was no documented long-term strategic plan that articulated the United Nations' vision and commitment regarding IMIS, and recommended the development of such a plan.

[9] A/56/602/Add.1, paras. 16 and 25 (Integrated Management Information System project, Thirteenth progress report of the Secretary-General, Addendum, Lessons learned from the development and implementation of the Integrated Management Information System). Concerning delays, consolidation of data among the eight duty stations is one of the major works yet to be achieved.

[10] Ibid., para. 12.

members in project management is a must. The Inspectors noted that, in many instances, MI system projects are initiated and implemented by IT departments or finance departments which do not necessarily have project management skills. Furthermore, these support-service departments did not fully involve user departments in the designing and implementation of the MI system projects, in which case a sense of ownership of the projects was often not shared by the user departments.

37. A major MI system is a resource-intensive operation. Ineffective operation results in waste of considerable resources and has negative impact on programme delivery and daily management of resources. In the light of actual experiences in implementation of MI systems, the Inspectors believe that MI systems could be managed much more effectively through systematic application of a project management method.

38. Project management requires the following elements: (*a*) clear identification of objectives, benefits and requirements in terms of project deliverables (outputs), which should derive from an overall strategy for information management and MI systems; (*b*) formulation of implementation strategy; (*c*) effective and timely delivery of planned outputs; (*d*) identification of responsible managers for each phase of the project implementation; (*e*) close monitoring of projects; and (*f*) evaluative assessment of project implementation at the end of each phase of the project, including analysis of the gap between initial planned delivery and actual delivery/achievement of objectives. Clear prior identification of requirements and benefits of MI systems in project documents will help organizations not only to design future business processes, but also to allow effective project-monitoring and reporting for the realization of benefits. It is noted that a great number of organizations are aware of project-management methods which are commonly used for various programme activities, although these methods were often not effectively used in practice for IT projects.

Relationship with suppliers

39. The survey carried out by JIU reveals that designing and implementing MI systems often requires medium- or long-term relationships between the client organizations and suppliers of software applications and hardware. The partnership relation lasts in many cases for the whole project life cycle. However, it is noted in many instances that the implications of such a medium- or long-term relationship with suppliers were not thoroughly examined. Poor relationships with suppliers contributed to poor project management in many instances, which resulted in cost overruns and unsatisfactory implementation.

40. Contracts with suppliers should be designed taking into account not only technical requirements, but also implications of such medium- or long-term partnerships with them, which include requirements for an appropriate management structure in the client organizations and commitment by suppliers. To ensure successful implementation of IT projects, full co-operation based on an open dialogue is critical. It is therefore desirable that the United Nations system organizations should ensure mechanisms for smooth communication with suppliers, such as sharing implementation plans with reliable suppliers, with a view to reinforcing the commitment from both sides. In this context, joint negotiation with a small number of suppliers of integrated software applications, selected on the basis of the principle of competition, should be beneficial to the United Nations system organizations. However, this requires a spirit of collaboration among organizations as a prerequisite.

Outsourcing/application hosting

41. Outsourcing is a management tool to enhance effectiveness and cost-efficiency by introducing dynamism in the private sector. Outsourcing has been practised in international organizations since before the creation of the United Nations.[11] In the area of information technology, a number of United Nations system organizations used to outsource payroll, accounting and procurement functions either through the International Computing Centre (ICC) or on a bilateral basis to other organization(s) in the United Nations system. The general trend is, however, rather discontinuation of outsourcing of those functions. This is based on the view that outsourced services did not satisfy the specific requirements of the organizations that were

[11] JIU report "The challenge of outsourcing for the United Nations system" (JIU/REP/97/5, paras. 13-14).

purchasing the services. It should be noted, however, that "insourcing", or doing business by themselves in the IT area, usually requires considerable initial investment to equip the organizations with the necessary infrastructure in terms of hardware, software, human and financial resources for management and maintenance, and it is not cost-effective in many cases.

42. A major part of payroll processing and accounting functions of the United Nations system organizations is common, since their systems have been designed on the basis of a "common system". Functions that are specific to organizations could be performed by stand-alone systems without causing major difficulties in handling such specific management information. As stated in paragraph 26, financial implications of customization aimed at incorporating these specific functions in an integrated MI system are not always cost-effective from the system-wide perspective. It is also worth noting that insourcing involves duplications of common functions (such as payroll processing, accounting, and other functions including procurement, some functions of IT and human resources management). Because of recent technological developments, applications could be hosted (application hosting) by an organization, and other organizations could benefit from such applications as users by establishing an Internet-based connection. Outsourcing through application hosting could offer a cost-effective option for the introduction of MI systems.

D. Financial implications

43. In response to the JIU questionnaire, 15 United Nations system organizations indicated the magnitude of resources they spent for their computerized MI systems. An aggregate amount of these resources totals around US$ 302 million. The United Nations spent US$ 78.6 million for its IMIS, and five other United Nations system organizations spent at least US$ 25 million each for their MI systems (see table A). It was noted, however, that the 15 organizations computed the costs using different bases, which led to different interpretations of financial implications and different ways of computing them. Some of the organizations indicated only direct costs, and others computed the costs on a wider scope including indirect costs. In spite of these limitations, this amount can constitute a base to estimate the magnitude of resources spent for designing and implementing computerized MI systems in United Nations system organizations. On the assumption that cost information provided by enterprises and public-sector institutions covers in general less than 50 per cent of the total costs actually incurred in designing and implementing their MI systems (Gartner Group[12]), and taking into account the fact that the United Nations system organizations did not include costs of legacy systems in their estimates, the total actual costs incurred over the last ten years by all the United Nations system organizations in introducing the current and legacy MI systems, would be probably close to US$ 1 billion.

Cost transparency and comparability

44. Most of the United Nations system organizations contacted by JIU indicated the financial implications covering the following costs:

(*a*) Software applications (purchase of the software; licence costs);
(*b*) Training;
(*c*) Consultancy services for designing and customization (adaptation of the system to requirements);
(*d*) Costs of staff involved in the MI systems project implementation;
(*e*) Maintenance costs, including help-desk and functional support;
(*f*) Cost of upgrading, expansion and additional licences; and
(*g*) Additional costs of infrastructure (communication expansion, computers and network).

45. As stated above, each United Nations system organization computes IT project costs differently, and no common way of computing the costs has been established. A commonly understood costs classification is important to ensure transparency and comparability of costs involved in IT projects under implementation by the various United Nations system organizations.

[12] Gartner, Inc. is an independent provider of research and analysis on the IT industries. The company provides comprehensive coverage of the IT industry for about 10,000 client organizations.

E. Inter-agency cooperation and coordination

46. There have been very few cases of effective collaboration in the area of MI systems in the United Nations system organizations, in spite of the general commonality in the United Nations system in financial and human resources management, as well as general services management, and in spite of a huge potential for cost savings. Many of those organizations are, in general, designing and implementing computerized MI systems, without effectively sharing their experience and without proper coordination. A major shortcoming of such an approach is that Member States are forced to bear costs that could be avoided.

47. In this context, the former ACC mechanism the Information Systems Coordination Committee (ISCC) failed to come up with a strategic direction for the future development of MI systems in the United Nations system organizations. It is noted, however, that HLCM, a new CEB organ, is seeking ways to make the most of technology by improving the management of cross-cutting ICT throughout the United Nations system. Under the leadership of the United Nations Secretary-General, in his capacity as the Chairman of CEB, HLCM should facilitate inter-agency cooperation, promote strategic alliances, create a visionary environment in which similar or like-minded groups of organizations, in terms of mandate, size and modality of functioning, would be able to create synergies and obtain economic benefits from sharing solutions. For such a joint scheme to be successful, however, it is advisable that cooperation should start at the phase of streamlining the working processes, procedures and practices of the respective organizations. It should be noted here that the recent developments related to ICT within the framework of HLCM are largely in line with this strategic direction.

48. In spite of these positive developments, the Inspectors believe that HLCM, which is merely a body for coordination among the secretariats of the United Nations system organizations on a voluntary basis, has a limitation in its role. Thus it is vital for the Member States (legislative organs) to play a much more active role in terms, in particular, of sending a strong and clear message, with one voice, to the secretariats of the respective organizations on the need for enhancing effective inter-agency cooperation and coordination in respect of developing and implementing MI systems. In this context, the United Nations General Assembly should play a key role.

Annex*

Table 1:

Strategy for information management

United Nations	There is no documented long-term strategic plan that articulates the Organization's vision and commitment regarding IMIS (A/56/879, para 13**, Report of OIOS on the post-implementation review of IMIS at United Nations Headquarters). The Advisory Committee on Administrative and Budgetary Questions (ACABQ) also requested the Secretary-General to address the long-term strategy for IMIS (A/55/7/Add.8, para. 7).
UNDP	UNDP has developed an ICT strategy that was approved and adopted in January 2002. The ICT strategy is considered to contribute to the achievement of the Business Plan targets, with special focus on: (*a*) knowledge management; (*b*) results-based management; (*c*) corporate resource management; and (*d*) infrastructure.
UNHCR	A technology strategy exists. But no information management strategy exists.
UNICEF	A progress report on the UNICEF strategy and investments in information technology (E/ICEF/1999/AB/L.6), which was submitted to the UNICEF Executive Board, outlines the following strategic directions: (*a*) IT management, governance and organization; (*b*) integrated systems for resource management; (*c*) exploitation of the Internet and Intranet for knowledge management; (*d*) global connectivity; and (*e*) the IT infrastructure required to support these areas. Appropriate use of IT is considered to be key to achieving maximum corporate performance and proper fulfilment of its mandates. The strategy also considers that through the development and use of new integrated systems, the IT structure facilitates the implementation of reform processes aimed at improvement of management. UNICEF has an information technology strategy and has been implementing it.
UNRWA	An IT strategy was recently developed and is being reviewed by senior managers as part of the approval and finalization process.
WFP	"An Information Strategy Plan for the World Food Programme" (ISP) is a formal information strategy plan which is the basis for the entire migration from the mainframe-oriented computing model to the current client server-based model. ISP was presented in November 1995 to the CFA (then governing body of WFP) along with a proposal for a comprehensive Financial Management Improvement Programme (FMIP). Progress on the implementation of FMIP has been a regular agenda item on the subsequent Executive Board meetings.
ILO	ILO does not yet have an official information strategy or policy, other than the needs and requirements which flow out of the strategic objectives. This is currently being developed. Until such a policy/strategy has been formulated, it would be premature to consider the need for a CIO. ILO has started to develop an Enterprise Resource Planning system, with a view to developing an information management strategy for its headquarters and field offices. The Governing Body formally approved it. The system implementation project is at its start-up stage. The governance structure of the project has been defined and presented to the Director-General for approval.
FAO	Substantive aspect covered by Strategic Objective E.1 of the Strategic Framework 2000-2015 which seeks to provide "An integrated information resource base, with current, relevant and reliable statistics, information and knowledge made accessible to all FAO clients". This is further elaborated in the Medium Term Plan (MTP) 2002-2007 where it is estimated that 22.4 per cent of total resources are allocated to E.1. The administrative aspects were also covered in the Strategic Framework under the cross-organization strategy "Continuing to Improve the Management Process". The information strategy has been approved by the governing bodies. They were involved in the preparation and approval of the Strategic Framework through the use of questionnaires and consideration of several drafts by thirteen different meetings of technical committees and governing bodies. The Strategic Framework was then formally approved by the Conference and the MTP by the Council. The IT strategy was formally endorsed by members, but prepared in response to a request from an inter-agency cooperation committee on IT.
UNESCO	UNESCO does not have a formal information management plan, but its IT strategy contemplates, in many aspects, an information management strategy. The UNESCO Information Resources Development Plan (IRDP), which was initially proposed for 1990-1995 and later extended through 1997, resulted in the development of UNESCO infrastructure and promotion of the use of IT in the secretariat. Another product of IRDP was the Information Technology Master Plan (ITMP), which was presented to the General Conference in 1997 and focused on the changes in the processes of planning and management of UNESCO. ITMP provides the overall development framework, performance objectives, proposed architecture of the information system to achieve these objectives and a transformation programme to implement the system. The objectives of the IT Master Plan place emphasis on the simplification of procedures and on improvement of management and use of information. It identified the development of the "Programme Planning and Management Systems" and "Core Management and Administrative Systems" to be a priority. ITMP, introduced as a first implementation of the governing bodies' decision to take steps in that direction, was submitted to member States for consultation, and was approved by the General Conference at its 28th and 29th sessions (1997 and 1999), thus becoming a mandatory programme for the organization.
ICAO	ICAO has an approved ITMP. Within the framework of an MI system project, ICAO considered that a big-bang approach was not justifiable financially and presented high risks in terms of management towards a successful completion. Therefore, a basic financial system was considered one of the highest priority items of this plan. Other modules of an ERP would be added later after the successful implementation of the financial plan. The IT Master Plan was reviewed and approved by the Senior Management Group at ICAO. Along with the presentation of other IT

* This annex has been prepared on the basis of inputs as provided by the United Nations system organizations in 2001-2002, unless indicated otherwise.

** See footnote 8 of the present report.

	projects, a business case for the development and implementation of a new financial system was submitted to ICAO Council members for discussion, approval in principle and request for funding. The External Auditor, in his report to the legislative organ, reinforced the view expressed by the ICAO secretariat on the paramount importance for ICAO to develop and implement a new financial system. In 2001, the ICAO Assembly approved initial funding for the development of new financial management systems.
WHO	WHO has a strategy. Further work is required to give it more precision. The WHO legislative bodies have not yet been involved, but the secretariat will put forward the plan for the use of the IT fund to the Executive Board in 2002.
UPU	Although UPU has not formalized a strategic plan regarding the management of its information system yet, different measures have been taken, in particular, for: (*a*) involving the management in the decision processes and controlling management of projects on the organizational, functional and technical levels (costs, methods, return on investment, information technology); (*b*) implementing the strategic and tactical objectives of the programme and budget taking the needs of member States and the budgetary constraints into consideration; (*c*) identifying the cost centres and rationalizing the production/output tools of the information system. As UPU is a small international organization, it does not get a large enough budget (2.4 per cent of the annual budget of UPU which amounts, to SWF 70 million) to develop its information system towards an integrated management information system.
ITU	ITU does not have an information management strategy per se. ITU has an information technology strategy that has been documented in a summary format (e.g. for the HL/CCAQ session in February 1998). ITU is expected to develop a more formal information technology strategy in the near future, guided by a consultative process involving senior management. The ICT Committee (ICTC) has prepared a prioritized ICT project list. The work and role of ICTC was briefly presented to the ITU Council at the 2001 session.
WMO	The Information System Strategy was developed in December 2001. Its purpose is to provide the WMO secretariat with an information technology framework to assist it in fulfilling the programmes of WMO during the period covered by the fifth long-term plan (2000-2009). The framework covers the provision of systems and services. It is designed to meet the secretariat's computing and communication needs to the greatest possible extent and within available funds.
IMO	The IMO strategy for information management has three objectives: (*a*) to empower the organization's various stakeholders in access to and use of the organization's knowledge bases; (*b*) to add value to the organization's policy and administrative decision-making; and (*c*) to promote effective and efficient working and delivery of the organization's programme. To achieve these objectives, the organization's IT strategy has been to establish, maintain and develop a core 24/7/365 IT infrastructure which serves three major clients, namely staff member users, the organization's membership and the public at large. To this end, a substantial investment has been made in hardware and software, which meets the IMO strategic information management requirements, notably by development of web-enabled applications which promote knowledge sharing. IMO is currently tendering for a mid-range ERP system to drive developed budgeting and financial control systems, and progressively, HR systems. The policy aim is to promote accountability and decentralization as part of the Secretary-General's Change Management Programme. The ERP choice will be made on the basis of the "the business case" and the expected rate of return. An Intranet system provides the membership with online access to documents, which is linked to a document management system. The organization's Publication Service is now enabled by e-commerce applications.
WIPO	WIPO concentrates on strategy development at the programme level. The CIO, as head of the ICT Programme, presented a vision and mission for the programme to the WIPO Standing Committee on Information Technologies (SCIT) in June 2002. The document was agreed by the Standing Committee and is now acting as the framework for the drafting of a full ICT strategy document to be submitted to SCIT in due course. The content of the ICT Programme itself is approved and monitored by SCIT and via the wider organizational programme and budget process.
IAEA	IAEA Medium-Term Strategy (Goal E) defines "excellence in management", which includes an objective that deals with the greater use of IT for improving the efficiency and effectiveness of programme implementation. A medium-term strategy specifically devoted to information management and IT has been prepared and is under review by a high-level management committee, the Agency's Programme Coordination Committee.

Table 2:

Management information system as management tool

United Nations	IMIS was developed in advance of the elaboration of the strategy, but it is an integral part of it. IMIS supports all major administrative activities of the United Nations Secretariat, including budget execution, finance, human resources, payroll, procurement and travel. The Integrated Monitoring and Documentation Information System (IMDIS) was originally designed and maintained by the Department of Economic and Social Affairs (DESA) to respond to actual needs of management. It is interfaced with the pre-existing budget formulation system, and supports the planning, programming, monitoring and evaluation cycle. IMDIS was delivered in advance of the adoption of results-based management, but its design supports it, and since the implementation of its first modules in 1993, it has enabled the delegation of authority to be implemented.
UNDCP	The financial part of ProFi currently being implemented was instituted to address serious shortcomings in existing systems (lack of audit trail, insecurity of information, difficulty of extracting information, inconsistent data held by different systems) as well as to enhance fund management. Previously, no financial planning tool was available except those stand-alone tools used at the project level upon the initiative of individual staff. Further, UNDCP is mainly funded by voluntary contributions, and most of those funds are earmarked for particular projects. Managing these funds efficiently is a daunting task and ProFi was seen as an important tool to that end. Also, it was decided that the system could be accessible over the Web, thus enhancing decentralization to field offices, with all offices at headquarters and in

	the field accessing one repository for data. ProFi was seen to be an important tool to increase transparency, particularly vis-à-vis donors. Since ProFi is not an activity-based system, it can only indirectly contribute to results-based budgeting. It is designed, however, to be a major innovation to delegate responsibility for project financial management to programme managers without central direct control, thereby necessitating increased accountability while facilitating central monitoring. Delegation of responsibility for human resources is outside the system. The financial system can facilitate delegation, but it cannot impose it; that requires the commitment of senior management, in particular the Executive Director. UNDCP will start implementation of phase II of ProFi beginning hopefully in September 2001. The project will last approximately nine months, with a target completion date of 1 July 2002. Phase II will address the concerns of programme managers for a tool to integrate financial monitoring with substantive monitoring of projects, thus providing a better foundation for results-based budgeting and management. UNDCP is currently consulting with sister agencies on results-based management and what approach to take, and a proposal will be sent to the governing body in October 2001. It is expected that ProFi phase II (the project management system) will form an integral part of that proposal. Indeed, the implementation of the project management system has been encouraged by the members of the Commission on Narcotic Drugs. The new MI system was expected to: (*a*) provide a secure repository for data with an adequate audit trail; (*b*) provide consistency of data through a unique central repository; (*c*) provide more transparency, particularly for donors; (*d*) allow better fund management, freeing up resources for new projects; (*e*) streamline the information flow on projects; (*f*) enable field offices to view and input data over a Web interface; (*g*) provide ease of extracting data and enable cross-project analysis; and (*h*) provide savings by eliminating redundancy and repetitive manual entry of data. These results appear to have been achieved, or are well on their way to being achieved. Since the project had only just been completed in May 2001, there were still "teething problems" or not fully realized benefits. For instance, efficiencies were achieved in some offices, but no decision on redeployment has yet been taken. Further, not all financial reports for senior managers are available on the Intranet; further training is taking place; field offices have yet to enter expenditures into the system (which is required since the official channel through the agencies, such as UNDP, is notoriously slow).
UNDP	UNDP presently uses its versions of the IMIS Releases 1, 2, 3 and 4. Experience and recent consultant studies show that UNDP needs have only been partially met by IMIS, and UNDP is embarking on an ERP implementation using PeopleSoft products. The first phase of ERP functionalities is scheduled for roll-out on 1 January 2004.
UNFPA	Current MI system applications only partially meet the needs of the management. Current systems do not meet results-based management needs.
UNHCR	The current management information systems provide a significant amount of information for managers to make decisions. However, the current systems are old and were not designed to provide results-based management information.
UNICEF	There are three major integrated systems in use providing the entire organization with state-of-the-art, commercial-strength technology and a common database set by which UNICEF can more effectively manage and be accountable for the use of human, financial and. physical resources: (*a*) ProMS is a field-based system for planning, budgeting, requisitioning, spending and monitoring the use of funds and other resources against programme objectives; and for payroll and administration of local field staff; (*b*) FLS is the central financial and logistics system which enables UNICEF to meet its statutory accounting obligations, and provides management with the necessary financial information to ensure that all resources are protected and managed efficiently and effectively on a day-to-day basis; and (*c*) the human resources module of IMIS (IMIS-HR), developed and maintained by the United Nations, is currently the UNICEF central human resource management system, in which the Division of Human Resources manages central transactions regarding recruitment, rotation, payment, provision of benefits, and payroll for those staff managed by headquarters. In 2002 UNICEF will initiate a project to replace IMIS with the same commercial application supporting FLS to further enhance seamless integration. ProMS (Programme Manager System). The deployment of ProMS to all field offices was completed in September 1999. The personnel and payroll module was fully deployed in early 2002, and integrates payroll and human resources management, linked to plans and budgets, and supports decentralization of the human resource management function for local staff to the country office level, employing a single standard payroll function that conforms with United Nations requirements. ProMS provides a linkage between programme and project plans, outputs and budgets, and is a tool for more accurate budget monitoring by more closely integrating the field system with the headquarters system, thereby facilitating timely financial reconciliation and resource monitoring. It has eliminated repetitive tasks and duplication of entries, and customized systems and data in each field office; it provides early warning of problems, and a standard planning feature. FLS (Financial and Logistics System): FLS is based on the SAP R/3 commercial enterprise resources-planning software package. The configuration of the final prototype based on UNICEF requirements was completed in April 1998, followed by testing, fine-tuning and data cleansing, data upload, development of critical interfaces and go-live in January 1999. FLS integrates and maintains business and transaction data from three headquarters locations (New York, Copenhagen and Geneva, including the three warehouse locations in New Jersey, Huningue and Copenhagen), in real time and in a single database that is interfaced with ProMS and IMIS. FLS is a unified system that has streamlined UNICEF business processes, simplified systems maintenance and reduced data entry; it automatically enforces many business rules and automates year-end processes and online reporting, thus permitting more integrated and timely management reports. A treasury function is being implemented in the fall of 2002. Many management reports for headquarter purposes are obtained directly from FLS. For field offices, as data may be stored in both FLS and ProMS, it is necessary to merge specific detailed data from the two systems. UNICEF has implemented a reporting platform utilizing a set of commercial applications from COGNOS for this purpose, and reports are routinely sent to the field offices for management end reconciliation purposes, as well as generated for headquarters management support. UNICEF will upgrade to version 4.7 in 2003, in which SAP has integrated its core functionality with add-ons that better support business processes that are common to international organizations such as UNICEF.

	IMIS (Integrated Management Information System) Human Resources: UNICEF installed Release I of IMIS, which covers personnel in May 1998, and Release II for entitlements in January 1999 respectively. UNICEF also implemented major enhancements to make the system function at a level equivalent to that of the legacy systems. UNICEF also developed recruitment and classification modules as those present in IMIS were not adequate. Most of these add-on modules and enhancements have been incorporated into the IMIS base system and are now available to other United Nations organizations. Implementation of Release IV, covering payroll, was implemented in March 2002. UNICEF has also implemented an in-house human resource information system (HRIS) drawing on data from IMIS to supplement weaknesses or lack of functionality in IMIS. Due to limited functionality in IMIS to support career management planning, skills profile, performance monitoring, and capacity development functions in a meaningful way, UNICEF took a strategic decision in 2001 to migrate from IMIS to SAP/HR. This project is scheduled to be initiated in late 2002. It will provide a "single integrated system", which would entail finance, logistics, contributions management and human resource functions, providing a cost-effective approach in reducing redundancy of information.
UNRWA	A management information system (MIS) project is currently under implementation for two major modules, Finance and Payroll/HR. The project started prior to the development of the IT Strategy. The IT Strategy incorporates this project as a major element of the strategy. The Payroll/HR module of the MIS project was designed to respond to a management need to move the location of the existing batch payroll system away from the previous headquarters location of UNRWA, Vienna, Austria, to its new headquarters location at Gaza, as a first need. Other benefits gained are mostly related to modernization of the system and in particular having an online system, replacing a batch system, by which an end-user would benefit from real-time access to data and information. The finance module was designed to respond to a perceived managerial need to reform the financial management system, for enhanced budgeting and accounts control, and in particular to reflect faster generation of reports on the agency's financial situation, as well as the definition of key performance Indicators (KPIs), as part of the management reform process and as requested by the agency's donors. The system is to support management reform in the planning, programming, budgeting, monitoring and evaluation cycle. The agency is currently implementing a package solution for reforming the Finance and Payroll/HR administration. This is a prerequisite for implementing a computerized MIS-based system for measuring the KPIs, necessary for fixing accountability and responsibility. The system is an ERP package, customized and configured according to the needs of UNRWA. The decision to outsource the payroll module was based on the recommendation of an internal working group, while the decision to outsource the finance module was based on the recommendation of external consultants assisting with the financial system reform. A project manager is responsible for the overall implementation under the guidance of a Steering Committee composed of three directors and the comptroller. The project manager has a team of IS resources as well as resources (senior and end-user level) from personnel and finance departments to assist him/her in this matter. The scope of the MI system was defined as delivering a working solution as per the boundaries set in the contract, while the cost has been capped to the lower of either the upper limit or actual cost. The contract explicitly includes a clause to the effect that the responsibility for customizing the product to fully meet agency requirements lies with the vendor and the agency will not be charged additional costs incurred by the vendor in doing so. Any additional charges can arise only for changes in the scope or for delays attributable to the agency. Some resistance was faced at the beginning, as the new system was quite different from the system currently in place. However, this has now been overcome as a change management consultant has been working with the project team and users in addressing change issues including the training and introduction of new processes. The training is done on a "train the trainer" basis. "Champion users", in turn, train the end-users. The training was done after the product was configured and customized. This has made the training focused on each module and more relevant to the agency. Refresher courses are also being organized for the "champion users", senior staff members from Personnel and Finance who have a thorough knowledge of the staff rules and regulations, as well as being communicators.
WFP	The FMIP was requested by the WFP donors as a mandatory step to improve financial management and reporting. FMIP evolved to include management improvement in the operations areas as well as other support areas. FMIP was an extrabudgetary programme funded by a number of WFP donors. FMIP is intended as a tool for management. As the programme is in the progress of decentralizing decision-making to managers, it is expected that all levels of the organization will use the FMIP systems. All budgetary control, commodity movement, HR processes, procurement, travel, and project management will be performed through the FMIP systems. Managers will be responsible for all actions taken within their units or divisions. In preparation for the creation of the FMIP systems, many of the divisions took the opportunity to reengineer their processes. This allowed for the new FMIP systems to be implemented with the already re-engineered processes. As with any large organization, there is always room for additional process re-engineering. Many of the infrastructure objectives have been met with all offices connected via Lotus Notes to exchange e-mail and replicate Notes databases. The client-server infrastructure has been implemented in each country office in preparation for the new systems. The financial management, procurement, project management, programming, resource mobilization, and commodity tracking system has been completed and implemented. The final remaining component of FMIP is the HR and payroll module. It is expected that this module will become operational in January 2002.
ILO	The project is in the stage of initiation; the discussions of its business case and detailed scope have not been finalized yet. At this point, the scope is expected to include finance (general ledger, accounts payable and accounts receivable), budget preparation, definition, monitoring and control, treasury, service contracts, travel, payroll, human resources (HR administration, entitlements, career management). That functionality is expected to be delivered for the headquarters and field offices. Inclusion of support for the programme formulation, planning, execution, monitoring and evaluation is also considered. In the next step, the agreed scope will be a basis for formulation of the evaluation criteria of the systems platforms. Oracle, PeopleSoft, SAP, Agresso, and RAMCO are examples of those platforms that will be evaluated. Once the platform is selected, the definition of the scope will be revisited and turned from the perspective of the selected platform, feasibility, project budget and expected delivery time. The intention is to use project management

	methods, which are appropriate for this type of project, in a disciplined manner. In particular, that means (a) an institutionalized governance structure for steering and directing the project by ILO management; (*b*) an institutionalized issue resolution procedure; (*c*) business case, project scope and organization and plans; documented and communicated across the organization; (*d*) different forms of participation by ILO business users; (*e*) project planning and monitoring; (*f*) reviewing and acceptance of deliverables at the end of project activities; (*g*) scope control and requirements change management; (*h*) organizational change management; (*i*) consulting service contracts which are formulated in the way that protects ILO interests; (*j*) one project team covering all areas of the scope; (*k*) bulk of work being performed in cross-departmental teams; (*l*) identification and monitoring of risk factors, etc. The delivered system will be the main work tool for the finance, budget, procurement and human resources staff, and for the selected administration support staff across the organization. They will use the system on a daily basis to perform the majority of their work tasks. At present, systems development and maintenance in ILO is distributed between departments and central coordination of these activities and resources is missing. It poses a challenge to the implementation of an integrated system that requires highly coordinated and collaborative cross-departmental efforts.
FAO	The Strategic Framework for FAO: 2000-2015, issued in 1999 and approved by members, reiterated the organization's commitment to improving the management process through a strategy to develop and implement integrated supporting systems in the areas of financial accounting and management, human resources management, and programme planning, budget preparation, work planning, and implementation monitoring (this includes creating a data warehouse for validated corporate data as a primary source of management information), and to provide appropriate analytical tools, so that users can make best use of available data. One of the main components of the Oracle Project is the replacement of the existing planning, budgeting and work planning system (PLANSYS). The replacement of PLANSYS will involve the introduction of both additional Oracle Application modules, bespoke applications and additional data warehouse capabilities over the next 12-18 months. The Strategic Framework for FAO 2000-2015 committed to strategies that create a management environment that facilitates the implementation of the Organization's corporate strategies and the achievement of its strategic objectives by, inter alia, realigning authority, responsibility and accountability to better reflect the new environment, including assigning primary responsibility for budgetary management to programme managers. Furthermore, FAO continues to build a management culture that clearly defines accountability for human resources management, including performance management systems linked to corporate strategic objectives via the Organization's programme planning systems. The "new environment", referred to above, is the results-based programme management orientation envisaged by the Strategic Framework. Some of the information systems to achieve objectives are already in production, while others are under development. Hence, the overall objectives of the MIS planned for development as part of the Oracle Project were to have it used as a tool for management improvements within the framework of results-based management. To this end, various actions/decisions were taken up by top management in the financial area to drive the organization towards more delegation of responsibility and accountability to "budget-holders" and project managers. One of the key concepts underpinning the Oracle system is that of the budget-holder – the individual with responsibility for managing funds under delegated authority.
UNESCO	The first effective implementation of the master plan resulted in the creation of the SISTER system (System of information on Strategies, Tasks and the Evaluation of Results), the tool used to support the decision to introduce results-based management as the backbone for all planning and monitoring of programmes. In 1999, the General Conference approved the decision to replace the ageing mainframe systems by integrated management and administrative systems, in two separate projects: one for finance and budget and one for human resources management and payroll. The first one (FABS – Finance and Budget System), based on SAP, began operations in January 2002. Pending the completion of the Human Resources Management System, two thirds of the expected renewal of the legacy system are now operational – SISTER, used for programming and budgeting (designing results and strategies, yearly allocation budgets, monitoring programme execution, etc.) and FABS (contracts management, reserving funds, monitoring expenditure and income, travel management, etc.). Indeed, the first round of MIS was explicitly designed to introduce an in-depth reform of programming, monitoring and evaluation, by linking all three functions into one single system based on the professional needs and involvement of all responsible officers, at all levels. Moreover, the system enforced a results-based management approach to programming and monitoring, providing transparency and using it as a leverage to drive the whole organization towards feeling accountable for the effective achievement of assessable results. Designed with a specific view of enforcing a results-based management approach throughout the organization, together with a move towards an e-based communication system, SISTER was used as a means of introducing results-based management, through workshops (based on mainframe techniques), training sessions, discussion groups, results-drafting exercises, etc. Structured in a way that calls for each and every programme officer to pledge his/her own responsibility in the process of programming (through a bottom-up validation process involving each level's assessment and involvement), it allows for full decentralization of responsibility, with a clear line of accountability and mutual monitoring. FABS supports the evolution of the working processes through delegation of authority to the managers, while ensuring transparency and accountability. SISTER is open for consultation to member States, to allow them to follow up by themselves detailed implementation of the programme, which should limit reporting requirements, or upgrade reporting to a more political, wider scope. FABS is currently used only internally. The introduction of SISTER did entail a revision of programme-making, and is currently impacting programme-monitoring. Member States have stressed their will to move along that way, and the existence of the new tool served as a guiding rail to comply with that pressing demand. The customization of the SAP software in the FABS project called all workflows and working processes into question, and helped reconsider many a settled pattern of activity. When the system is operational house-wide, and fully adopted in daily use by all stakeholders, it is likely that a significant re-engineering of the organization will have been achieved. One of the deliverables of the FABS project is a Benefit Realization Plan, which identifies indicators to be put in place to evaluate the benefits from implementing the new system and processes. Although there are not yet established mechanisms to collect and evaluate these indicators, given the current priorities to finalize the implementation (data migration from the mainframe, implementing adjustments to

	the system based on the experience acquired during the start of operations, etc.), this plan can be the basis for the evaluation of results obtained with the system implementation. The numerous changes brought about by the systems allowed intensive communication between their champions and most to the staff, opening as many channels to change as successful helping interventions were performed. One of the major impacts of SISTER, still to be developed and accepted, will be to bring monitoring higher on the agenda. While there used to be a free hand on implementation, once the bottleneck of obtaining a budget had been passed, quarterly monitoring will, four times a year, raise questions about what is going on, and make the answers public.
ICAO	In developing a new financial management system in the near future, consideration would be given to incorporating as many functionalities as possible to enable the system to function as an effective management tool. With respect to management information systems at ICAO, the financial, personnel and other management systems were developed over the last 20 years. All of these systems are now considered obsolete, and the need to upgrade or change them has been reported to the legislative organs by the ICAO secretariat as well as to the external auditor. Recognizing these needs, the legislative organs have now approved funding for the changes in the 2002-2004 triennium. Action is now being taken to acquire a new financial management system.
UPU	Le Secrétariat de l'UPU possède de nombreux instruments de gestion permettant à la direction générale et aux responsables des autres services de suivre l'évolution des principales activités et de régler en fonction des circonstances. Plus précisément, les outils actuellement en fonction sont (*a*) le système comptable classique permettant le suivi de la comptabilité de l'UPU; et (*b*) le programme et budget: système de comptabilité analytique développé sur Excel permettant un suivi basé sur les activités de l'organisation (results-based budgeting).
ITU	The Financial Management System (FMS) was implemented on the basis of revised financial rules, implemented in connection with a decentralized budgeting process and cost accounting that were part of the ITU High Level Committee (HLC) mandated ITU reform process in the early 1990s. The aim was to support financial management with decentralized budgeting and cost recovery for internal services while conserving centralized control, with timely and transparent reporting. Although the original intention was not to directly couple the FMS budget and expenditure management with operational measures, some information from the FMS SAP system is used in monitoring operational cost efficiency. There is a potential for doing this more widely and in more depth. Delegation of some financial decision-making was enabled with FMS. Extension of financial reform and of FMS to include results-based budgeting is under study.
WMO	The financial system was implemented in 1999 to address Y2K issues with the legacy financial management system. This is being used to decentralize the management of budgets while maintaining a centralized financial entry and quality control structure.
IMO	The planned ERP system will strengthen the current financial, accounting and reporting systems and provide, from 1 January 2004, line managers and programme managers with online access to programme and project expenditure whether in respect of regular budget programmes or technical cooperation programme activities. This information is currently available by the provision of special reports since the various accounting, budgeting and project management systems are not linked. Information management systems go beyond administrative processes. IMO is reviewing alternative means of disseminating and promulgating its instruments and information assets, to the industry and public at large. IMO has a priced publications programme which, through e-commerce dealership arrangements, enables ready access to publications.
WIPO	The Administration Integrated Management System (AIMS) project was formally launched as part of the WIPO programme for the 2002-2003 biennium with the main objective of replacing the organization's ageing finance-reporting systems with a modern integrated accounting and budgetary control system which will be able to support the WIPO results-based budget and the associated way that WIPO manages and presents its financial information. In terms of improvements to current business functions, the processes within the finance and budget areas will be streamlined to improve work productivity. Requirements from internal and external auditors for transparency in, and security of, financial operations will be addressed. There will be a significant improvement in the quality and the quantity of financial management information available to programme managers within WIPO, thus making it easier for them to monitor their budgets for the projects and activities under their responsibility. Once a reliable finance and budget core system is established, with robust interfaces with existing systems, it is expected that future system modules will be developed on the same software platform for other administrative services.
UNIDO	A financial performance control system (Agresso Financials) was implemented in 2000-2001.
IAEA	The future MI system will support managerial needs during the planning, programming, budgeting, monitoring and evaluation cycle. IAEA is in the process of transition to a fully results-based framework. More thought needs to be given to how the future MI system might help improve management. Over the last several years, IAEA has been reviewing its decision-making processes, aiming to delegate decision-making and responsibility, including accountability, to the lowest practical level of management, i.e. where the activities and transactions occurred.
OECD	Most MI system projects were initiated in the context of a review of management cycles and processes launched by the organization. Systems developed are part of a progressive reform of rules, budget design, and management procedures. Responsibilities were delegated to management at different levels – an annual performance review process based on objectives and accomplishments was introduced in parallel.

Table 3:
Costs/benefits and risk analyses

United Nations	When the IMIS project was initiated in 1988-1989, it was difficult to estimate benefits since current costs of existing manual procedures were not known and the risks of such a project were not clear. The implementation of the system was a business requirement since the existing systems were obsolete, not all duty stations had comprehensive systems and the data could not be consolidated easily. Consequently, no risk analysis was done. The initial concept was to customize the FAO system that was being implemented. In view of the high financial demands of FAO and of the problems encountered by FAO with the implementation of the financial modules, the United Nations then opted to develop its own system. Details of costs and project budgetary information can be found in the Secretary-General's progress reports on IMIS.
UNDCP	No formal or comprehensive cost/benefit analysis was conducted. But several years ago a feasibility study was conducted which aimed to address serious deficiencies in the old system, and estimated the costs of the new system. Further, a detailed request-for-proposal was prepared which identified the functionality required.
UNDP	Cost and benefit issues were addressed on an aggregated basis in the consultancy analysis carried out during 2000 and 2001.
UNHCR	With regard to the current ERP initiative; projected costs and benefits were clearly indicated though specific benefits figures were not explicitly defined.
UNICEF	For the ERP solution, requirement specification was drawn up and due diligence undertaken in the selection of the ERP solution. For the SAP/HR project, a business case was made, including cost/benefit analysis.
UNRWA	Thorough cost analysis and general risk analysis were conducted for both components. Expected benefits only addressed savings and efficiencies. It is not yet possible to determine if they have actually been realized as the project is still in the implementation phase, expected to be complete by March 2002. It is too early to measure benefits, as the systems are not yet operational. Nevertheless, for the first module (Payroll/HR), benefits should be easily measurable, as it is comparable to the existing system. For the second module (Finance), benefits are more difficult to measure as the new system introduces additional functionality and forces changes in some business processes.
WFP	A preliminary cost-benefit analysis was performed at the initial creation of FMIP. The major benefits are expected to be, inter alia – enhanced reporting to donors on contribution utilization, enhanced budgetary control, more efficient business processes, extensive connectivity to all country offices, decentralization of access to systems to the field offices, increased access to information to enable quicker and better decisions.
ILO	Cost/benefit and risk analysis is a part of the IT project. It is too early to say anything on expected benefits.
FAO	A risk analysis was included in the Project Charter for the Oracle project. This identified three preliminary risks: (*a*) the project might exceed its planned timescale; (*b*) the project might fail to adequately meet declared objectives; and (*c*) the project might exceed budgeted costs. The added value of the MIS for the organization is having supported the decentralization process, having made managers more accountable and more responsible for their projects and the administration of their funds, and having allowed the organization to grow in flexibility and competitiveness in a continuously evolving and challenging business environment. Substantial savings in staff costs have been realized, whereas savings which were expected in system maintenance and support have not yet materialized. This is due to the higher user demand for interfaces, reports and bespoke system enhancement and support, which has offset the savings in the core functionality maintenance (the ERP is indeed stable and requires very little support). In addition, decentralization of project management to the field offices has only been possible with the assistance of application systems such as the Field Accounting System and the Data Warehouse.
UNESCO	The major drive for the replacement of the legacy computer systems with new integrated systems was the need to increase efficiency and improve the quality of information available to management and governing bodies. Although it is expected that the overall cost of management will decrease, as well as increases in benefits, no formal analysis on cost/benefits are recorded. Formal risk analysis has been conducted during the planning for the implementation of FABS. It is too early now to assess realized benefits, and probably costs as well, since SISTER was fully used to prepare the programme and budget of 2002-2003 and FABS went live in January 2002, which still leaves an open ended period of adjustments, improvements, tuning, etc. that will still add costs to the final implementation. The introduction of the system created the conditions for savings, that will only show up when all processes and workflows are established, creating opportunity for optimizations in the structure. As compared to the market cost of such software packages, and to the implementation cost of such systems, SISTER was produced and rolled out at a cost way below usual references. This was indeed a saving, procured by relying on internal leadership and competence, using fairly cheap resources for external support, and keeping the system as lean as possible to let it be used even in ill equipped and poorly connected field offices. The cost of implementation of FABS can be considered low when compared to similar undertakings by similar organizations.
WHO	A preliminary analysis and risk analysis was conducted assuming that an ERP would be implemented. This will need to be revised to reflect both the interim and long-term solution, once these have been agreed upon.
ITU	The ITU High Level Committee reform process mandated by member States required implementation of the new FMS for 1995; although no formal cost/benefit analysis was performed, important benefits were anticipated. These include: retaining centralized control and expenditure monitoring, while enabling decentralized decision-making; rapid, up-to-date and decentralized online access to information, as well as enhanced control and flexible reporting. These benefits have been achieved, resulting in better cost and budget control for excellent management of commitments and expenditure.
WMO	The driving cost/benefit analysis was the need to address the Y2K issues with the legacy system. No formal cost/benefit analysis was conducted due to the timing of the project.
IMO	The "business case" for the implementation of an ERP solution will be supported by a cost/benefit analysis and a

	discounted cash flow (DCF).
WIPO	Extensive preparatory work was carried out over two years before the decision was taken to include AIMS in the WIPO programme and budget. Current business processes were mapped and future processes developed showing the savings in time and costs that could be derived from significant re-engineering. Justification for the project was derived from these estimates as well as from the WIPO external auditors who carried out a finance systems audit concluding that the AIMS project was both timely and necessary. The decision to "start small" with the implementation of the finance and budget modules also demonstrated a pragmatic approach that mitigated the risks of embarking on what may ultimately become a much bigger project.
IAEA	During 1997-1998, cost/benefit and risk analysis was conducted with the help of Touche Ross. The benefits identified were savings and efficiencies, obtained by a re-engineering business process. Work on streamlining the processes has now started and it is expected that efficiencies will result.
OECD	Projects were launched according to management priorities. As part of the establishment of respective project frameworks, costs and benefits were analysed. In some cases, it was possible to leverage synergies between immediate management needs and other imperatives such as the Y2K cut-over.

Table 4:

Operational process

United Nations	Internal operating processes have been streamlined thanks to the integrated nature of IMIS. Examples include the requisitioning cycle with funds-sufficiency checking and account validation at date entry, travel, post-management linking budget and human-resource data, payroll with its integrated use of human resource, entitlements and finance data. The new working processes were fully documented prior to the implementation of IMIS. Refinements or adjustments to certain working processes were made post-implementation. The operational processes and workflows were agreed to and signed off by senior managers within the user community. User departments and management were fully and constantly involved in discussions and decisions concerning the chain of command in the new processes.
UNDCP	Since ProFi is not an activity-based system, it can only indirectly contribute to results-based budgeting. It is designed, however, to be a major innovation to delegate responsibility for project financial management to programme managers without central direct control, thereby necessitating increased accountability while facilitating central monitoring. Delegation of responsibility for human resources is outside the system. The financial system can facilitate delegation, but it cannot impose it; that requires the commitment of senior management, in particular the Executive Director. UNDCP will start implementation of phase II of ProFi beginning hopefully in September 2001. The project will last approximately nine months, with a target completion date of 1 July 2002. Phase II will address the concerns of programme managers for a tool to integrate financial monitoring with substantive monitoring of projects, thus providing a better foundation for results-based budgeting and management. UNDCP is currently consulting with sister agencies on results-based management and what approach to take, and a proposal will be sent to the governing body in October 2001. UNDCP fully expects that ProFi phase II (the project management system) will form an integral part of that proposal. Indeed, the implementation of the project management system has been encouraged by the members of the Commission on Narcotics.
UNDP	Business process re-engineering will be an integral part of the PeopleSoft ERP implementation. UNDP will re-engineer its operational work processes in line with the international best practices embedded in the ERP software. As such, UNDP will seek minimum customization of the software, saving implementation costs and facilitating future upgrades.
UNHCR	UNHCR, in the context of the ERP project, reviewed many existing processes and defined many future processes. These "to be" processes are a combination of best practices inherent in the new PeopleSoft ERP system and revision of existing in-house processes.
UNICEF	The new working processes were documented in detail in the "business process and procedure database" prior to the implementation of the MI system project. Users have access to these through Intranet and in addition quick reference guides were developed for frequently used procedures. The operational processes and workflows were agreed to through the weekly management and owner's meeting. Issues raised and reviewed were documented in a Lotus Notes database that was shared by team members in the three main locations involved: New York/Secaucus, Copenhagen, and Geneva/Huningue. User departments were fully involved through weekly management meetings (at least twice a week) plus owners' meetings.
UNRWA	A change management consulting firm is assisting in this aspect. No prior assessment of electronic competencies was carried out prior to project launching. In the meantime, a training-needs analysis has been carried out to identify the gaps and a large number of training programmes are running to meet the competency gaps.
WFP	In preparation for the creation of the FMIP systems, many of the divisions took the opportunity to re-engineer their processes. This allowed for the new FMIP systems to be implemented with the already re-engineered processes. As with any large organization there is always room for additional process re-engineering. The FMIP has been well documented from the start. Starting with the BRP (Business Re-engineering Programme) and feasibility study phase, the business processes were documented and published. At the design and analysis phases of the project, the business processes were again documented including the "as is" and the "to be" processes. These are detailed down to the work step level and are included in the design blueprint documents.
FAO	A high-level BRP study was conducted at the very beginning of the Oracle Project both for personnel and financial services with the assistance of one of the big-five consultancy companies. The functional design of the new MI system project was driven by the user divisions. The new working processes were documented at high level by the initial BRP

	review mentioned above, and fully documented in the procedural guidance produced and supported by the Oracle Tutor product. These procedures were made available across the FAO Intranet to all headquarters and regional office users. While there was a formal acceptance of a high-level description of new ways of working described in the functional designs prepared by the user division, there was no formal sign-off of the new detailed workflows. These workflows were only documented in the process of preparing operational procedures in support of the training programme and the implementation of the system.
UNESCO	During the design phase of FABS, all concerned processes ("as is" and "to be" phases) have been documented by means of workflow diagrams specifying workflow and interactions between concerned actors. For the implementation of FABS, all operational processes ("to be") had been reviewed by a Validation Committee and later submitted to a Technical Support Committee (TSC) that validated the final process. The composition of TSC, which "signed off" the validated processes included the directors of the Bureau of Budget, Bureau of Strategic Planning, Internal Oversight Service, Bureau of Field Coordination, Division of the Comptroller, Division of Information Services and Telecommunications, Bureau of Human Resources Management and Executive Office of Education. As far as SISTER is concerned, there was no formal sign-off process, and this probably slowed the process. Consultations were broad enough to allow every stakeholder to voice its concerns, for the implementation of both SISTER and FABS.
ICAO	It is anticipated that those operational process issues will be addressed during the development and implementation of MIS at ICAO.
ITU	The FMS project was part of a reform process in which budget and expenditure decisions were decentralized. FMS has enabled the improved management of commitments and expenditure mentioned above; this includes very rapid turnover of commitment and expenditure documents. Timely execution of these transactions improves administrative procedures throughout the organization. The up-to-date, transparent reporting contributes to better management. FMS was implemented on the basis of revised financial rules, implemented in connection with the decentralized budgeting process and cost accounting that were part of the ITU High Level Committee (HLC) – mandated ITU reform process in the early 1990s. FMS is intended to support financial management with decentralized budgeting and cost recovery for internal services while conserving centralized control, with timely and transparent reporting.
WMO	The initial process was to replicate the legacy system as best possible. Currently, it is going through business process re-engineering to optimize the use of the financial system for improved budget control, accounts processing and reporting the information to those who need it.
WIPO	During the package selection phase of the project, significant work was undertaken to ensure that the selected package would meet a revised set of business processes for the finance and budget areas. Commitment to the project by the affected business areas is demonstrated by the fact that the Director of Finance is the project sponsor and all business areas are represented at a senior level on the project board. The decision to start the project was made at the highest levels in WIPO and in the full knowledge that emphasis was to be placed on the change management, rather than the automation, aspects of the project.
UNIDO	The new Financial Performance Control System (FPCS) allows data to be captured at the source and workflow-oriented job processing.
IAEA	IAEA is in the process of transition to a fully results-based framework. More thought needs to be given to how the future MI system project might help improve management. Over the last several years, the agency has been reviewing its decision-making processes, aiming to delegate decision-making and responsibility, including accountability, to the lowest practical level of management, i.e. where the activities and transactions occur. Work on streamlining the processes has now started and it is expected that efficiencies will result. The study conducted by Touche Ross included models for the new processes.
OECD	The implementation of administrative and financial systems has allowed in particular the re-engineering of the budget management process, improvement in budget control and reporting, adoption of simplified management procedures and more decentralized facilities. It also allowed the introduction of electronic workflows, which greatly increase the speed and coherence of administrative transactions such as official travel and document reproduction.

Table 5:

Costs of management information systems

United Nations	The total cost of the IMIS project amounts to US$ 78.6 million, which is broken down as follows (Thirteenth progress report of the Secretary-General on IMIS, A/56/602 of 5 November 2001): staff costs, US$ 20,140,000; travel, US$ 1,794,800; training, US$ 4,651,100; contractual services, US$ 46,751,900; communications, US$ 283,900; supplies and miscellaneous expenses, US$ 307,000; hardware, US$ 2,829,200; and software, US$ 1,796,700. Currently, the financial (IMIS Release 3) and payroll modules (Release 4) of IMIS are supported in three major ways in the Office of Programme Planning, Budget and Accounts (OPPBA); funded through both regular and extrabudgetary resources. The OPPBA/IMIS help desk provides active help desk support, and IMIS testing, as necessary, addressing technical problems or enhancements which are identified, and developed and put in place by the IMIS team relating to Release 3.

	This team has had the lead responsibility, supplemented by staff members from both the Accounts Division and Budget Division during implementation at the seven offices away from Headquarters (OAHs) over the past two years. The group provides ad hoc training, and has done much of the in-depth research and development of large IMIS developmental efforts (consolidated database, EURO introduction, archiving, etc). It also works with staff to review new workflow in the IMIS environment, and to identify further enhancements that need to be developed. Until definitive long-term arrangements are put in place, the Systems Support Section in the Accounts Division, in addition to responsibilities for ongoing support of the financial mainframe applications, has assumed the functions of generating reports for both Releases 3 and 4. Together with the Payroll Section, it is also assuming the help desk and monitoring responsibility for Release 4, and will take the lead in OAH implementation during 2002. They maintain the system documentation, and oversee the development and maintenance of reports using the IRFA reporting system. This group has also developed several adjunct applications that interface with IMIS using compatible technology to further streamline and facilitate the system. They provide membership to the IMIS SIG committee for the Accounts Division, which works to review and prioritize outstanding IMIS development work. The biggest indirect cost of IMIS implementation has been the cost of management involvement, and the cost of testing, both of which have considerably exceeded early estimates. As the basic design of the system differed substantially from the preceding systems, significant amounts of time had to be devoted to rethinking and re-engineering existing workflow to document and design the IMIS application. This put tremendous strain on existing management, as it required effort in both developmental and ongoing day-to-day servicing of the organization. Likewise, testing of the system was much more involved and lengthy than originally predicted. Actual costs of commercial software packages directly attributable to the IMIS environment have been minimal. The United Nations Secretariat, however, purchased a well-known audit software package ("ACL") in anticipation of using it for analysis and auditing the large IMIS databases. Cost of the package is US$ 2,000. However, it was possible to assume the licence from another United Nations group that was no longer using the package. Other software being used with IMIS has been provided centrally by the Information Technology Services Division (ITSD) (Paradox, Acrobat, and standard MS packages). Infrastructure costs are largely borne centrally by ITSD. The two groups mentioned above, the OPPBA finance help desk (4 Professional posts, 2 General Service posts – one each at the Principal and Other level, and the Accounts Division System Support Section (2 Professionals, and 5 consultants) are the major costs in this respect. It is anticipated that with the full implementation of both Releases 3 and 4, most of the consultancy requirements will no longer be required. Licences for IMIS are borne fully by ITSD. Maintenance costs for the ACL package referred to above are US$ 600 per year for each of two packages.
UNDCP	The costs of the MI system project are estimated at US$ 1,824,995, to be funded from extrabudgetary resources. Maintenance is carried out by one L-4 staff funded through the MIS project and 2 General Service category UNDCP staff. Indirect costs are estimated as follows: travel for training of staff, US$ 60,000; existing equipment used for staff training, US$ 31,400; the costs of commercial software packages are estimated at US$ 54,000 per year. No extra costs are required for infrastructure. For ongoing maintenance for help-desk and functional support, payment of US$ 1,100 per workstation is made to the United Nations Office at Vienna (UNOV) for all staff, no matter whether using the MI system (ProFi or not). This fee includes all services.
UNDP	The consolidated biennial budget 2002-2003 for ICT and for work implementation tools activities is US$ 47 million, of which approximately half will be allocated to the ERP implementation project, with the balance being used to maintain and support existing systems that serve UNDP and United Nations organizations served by the Resident Coordinator system managed by UNDP.
UNHCR	The project cost of the new ERP initiative will range from US$ 30-40 million over a five-year period. This cost includes software licences, enhancements, hardware, consulting assistance for implementation, internal staff costs and other costs directly attributable to the project.
UNRWA	The costs of the MI system project (Finance and Human Resources Management Project) total US$ 4,321,179, which is broken down as follows: Software and system costs including costs of consultants: US$ 1,819,606. Recurrent and non-recurrent costs, including costs of office stationery, printed forms, miscellaneous supplies, rental of premises, maintenance of premises, electricity and water, computer hardware, and other auxiliary and contractual charges: US$ 331,584. Indirect costs including staff costs, training and travel: US$ 1,426,485. Costs of infrastructure and communication: US$ 378,450. Costs of help-desk coordinator: US$ 48,574. Costs of maintenance for upgrades, expansions and licences: US$ 316,480.
WFP	FMIP has a very broad scope which included the establishment of a global connectivity mechanism, global systems to facilitate operations while performing increased controls, business process improvements, software purchases if required, a new hardware infrastructure, etc. The original budget allocated to FMIP was US$ 29 million over 4 years. As the project implementation time increased and the scope of the project was expanded, the budget increased to US$ 37 million. As WFP has recently gone live the figures on the recurrent and non-recurrent costs are not yet available. The costs included in the US$ 37 million mentioned in Part III, question 1, above include all costs included in the list in this question. Costs associated with staff or consultants who may have been used on an irregular basis as knowledge resources, have not been tracked. These should not be considered costs but as change management investments. The costs of SAP, Lotus Notes, and Oracle have been included in the overall budget of FMIP. The costs of infrastructure updates have been included in the overall budget of FMIP.

	As WFP has recently gone live the maintenance costs for help-desk and functional support are not yet known. The yearly licensing fees for SAP/Oracle/Lotus Notes are approximately US$ 880,000.
ILO	The total resources allocated to the implementation of the MI system project amount to US$ 25 million, US$ 20 million apportioned for finance and related areas and US$ 5 million for HRD. This is the initial level of resources funded, under an exceptional decision by the International Labour Conference from cash surplus funds. Since the MI system project has just started, the data related to the level of recurrent and non-recurrent costs, indirect costs are not available. The costs of commercial software packages are not available. The costs of additional infrastructure are not available. The costs of ongoing maintenance costs for help-desk and functional support, upgrades, expansions and licences are not available.
FAO	Total investment to the end of 2000 for the implementation of Phase I (financial stream), excluding internal staff costs, has been in the range of US$ 22 million. Initial funding was for US$ 5.5 million plus US$ 4 million for initial customization and implementation costs. Additional consolidation costs for Phase I were estimated in June 2000 in the order of US$ 6.5 million. Phase II has been initially estimated at US$ 12 million, excluding costs to be incurred by owner divisions for functional expertise and support of the implementation effort. The level of technical resources allocated to recurrent and non-recurrent system maintenance (now covering consolidation of Phase I, which also includes the migration to a new release of Oracle Financials) is in the order of 15 internal staff plus an average of 20-25 local contractors at any one time. The level of functional resources allocated to the same functions in the Finance Division is limited, perhaps 10 staff and some 5-6 consultants. Additional functional experts are in the process of being recruited. It is difficult to provide information on the breakdown of the costs mentioned. In general terms, FAO can say that between 15 and 20 per cent of the total investment was absorbed within available resources. The original investment for the package acquisition back in 1995 was for US$ 1.8 million. An additional US$ 1.2 million is estimated having been spent in acquisition of tools and new licences. Maintenance fees have been negotiated very forcefully with Oracle, but have never been below an average of US$ 250,000 per year and are expected to grow with the implementation of Phase II. The additional costs for infrastructure have been for US$ 1.1 million back in 1995, plus an average of US$ 500,000 per year ever since. Communication costs have also been high, up to an estimated total of some US$ 1 million over the past six years, including upgrading of RO bandwidth and installation of a VSAT station in Ghana.
UNESCO	Improvement in the IT infrastructure has been achieved progressively since the establishment of the Information Resources Development Plan, from regular budget resources. There has been no rubber-stamped strategy to record all the costs of development of SISTER, the total cost up to date being estimated at around US$ 1.5 million. For the implementation of FABS and the Human Resources and Payroll System, a special account was created in July 2000 to receive voluntary contributions as well as transfers from the regular budget, so all expenses are clearly associated with the project. The total resources allocated to the special account up to end of July 2002 are US$ 14.5 million. Maintenance and complementary developments are for the time being encompassed in the ongoing contracts with the consulting firms. A competence centre is being built up, from staff assignment and internal resources, to provide support services in the long run. It is not yet possible to figure out exactly how much this will add up to, but business practices suggest that allocations below 10 per cent of the initial cost would not provide a sustainable future for the IS. Such indirect costs are so commonly underestimated, that they are even not recorded. For example, time spent in meetings and training sessions amounts to a fairly high cost (and this was rated and included in the overall SISTER cost mentioned before). Indications are also available of all purchasing costs, such as computers, servers, auxiliary software, but use of office space, telephones, paper, etc. should also be accounted for, which, in the absence of clear baselines, is not an easy task. Quite a few missions were made to sister agencies before choosing SAP as the off-the-shelf tool, and to complement information about its customization once chosen. The only travel costs on behalf of SISTER were for the 10 training missions to field offices, for regional and cluster training. SISTER is not a commercial package, and its mere production cost (not including training, management, etc, but the very production of the software itself, was US$ 0.6 million. With regard to the FABS system, using SAP software, package costs amount to some US$ 1 million corresponding to licence costs for headquarter users. A similar amount may be required for users in the field units and institutes but the final cost is subject to negotiation with SAP. The additional technical infrastructure costs for the years 2000/2001, included in FABS implementation costs, were US$ 848,000 and an estimated US$ 900,000 to complete field office and institute connectivity (for the biennium 2002/2003). The functional support and help-desk costs are currently included within the global project costs and have not been analysed separately. In the early implementation of FABS, from the period January to July 2002, some development work still continued and since then work has started on preparing a study on field office implementation. The costs of the internal teams and consultants have not been split between maintenance and development. However, it is estimated that the maintenance of the FABS system could cost some US$ 4.5 million in the current biennium. An annual fee of 17 per cent of original license costs is payable to SAP on a yearly basis. For this maintenance fee, upgrades are provided on a regularly basis by SAP at no additional cost and these upgrades are applied as received to the current system by the FABS project team. However, with regard to version changes, this may entail changes in functionalities and thus would need to be studied and tested before application. In this latter case, costs are difficult to estimate at this stage without knowing the extent of changes in functionalities. However it is unlikely that UNESCO will move to a new version before 2004.
ICAO	The total financial resources planned for the initial phase of the basic financial system were estimated at US$ 1.5 to 2 million. ICAO is in the process of replacing its financial management and related systems. Initial funding for the

	development of new systems has recently been approved. Action is currently under way to determine the requirements before identifying and selecting specific systems solutions. ICAO is in the process of replacing its financial management and related systems. Initial funding for the development of new systems has recently been approved. Action is currently under way to determine the requirements before identifying and selecting specific systems solutions.
WHO	Costs incurred to date have been funded from the operational budget of the areas concerned which include both regular budget and other sources. The information on costs of recurrent and non-recurrent support services, indirect costs, costs of commercial software packages and other tools, additional costs of infrastructure (communication, expansion, network, computers and capacity), ongoing maintenance costs for help-desk and functional support and for upgrades, expansions and licences are not available.
ITU	The level of total resources allocated to the implementation of the FMS project between 1998 and 2000 amounted to SWF 9,191,000. These costs relate to the utilization of SAP R/3 (to which ITU migrated from R/2) as the technical platform for this project. This migration was necessary because the functional and technical features of R/3 were necessary to meet the various FMS requirements. The total implementation costs were funded from the Union's regular budget. The resources allocated to implementation (including maintenance) of the FMS system include the following costs: Recurrent costs: SWF 4,964,000 staff costs; Non-recurrent costs: SWF 4,227,000 including SWF 3,655,000 for external consultants and SWF 301,000 for training. The indirect costs relating to the design and implementation of the FMS system were not measured in detail. The technical basis of the FMS system is SAP R/3. The one-time cost for the acquisition of the R/3 modules used for the implementation of the FMS system, including the licences for the SQL database system, were as follows: SAP R/3 licences: SWF 424,450; Less special rebate as R/2 user: SWF 247,820 (granted for the upgrade from R/2 to R/3); Net R/3 software costs: SWF 176,630. The additional infrastructure costs (networks, computers, upgrading of existing systems) cannot be charged solely to the FMS system as other applications benefit from the existing common infrastructure. SWF 214,000 for purchase of computer equipment is included in the non-recurring costs reported above. Costs for ongoing help-desk and user support are already included in the recurring costs. The yearly costs for the ongoing R/3 maintenance and licences are currently SWF 117,496. Outsourced SAP R/3 (with SQL Server) maintenance and technical support services from Compaq are SWF 129,500 per year.
WMO	All costs are related to contractual, hardware, maintenance and support contracts. A total initial implementation cost was SWF 1.3 million. This includes the process work for the first financial closure. The projected costs for stage one of the re-engineering, department reporting access roll-out and procurement are SWF 400,000.
WIPO	The costs of AIMS (Administrative Integrated Management System) are estimated at SWF 9.9 million, which include the following costs: Staff missions: SWF 450,000; Consultants: SWF 5,430,000; Other contractual services: SWF 800,000; Premises and maintenance: SWF 200,000; Communication and other operating expenses: SWF 200,000; Furniture and equipment: SWF 970,000; Supplies and materials: SWF 100,000. It is expected that further budgets will be requested in the programme and budget for future bienniums to cover the implementation of specific additional modules, e.g. in the areas of travel, procurement and human resources management.
UNIDO	The cost of the MI system project totals US$ 1,427,701. The cost of recurrent and non-recurrent costs totals US$ 60,000 for Agresso only. Indirect costs are not recorded. Costs of the commercial software package total US$ 13,123. Cost of additional infrastructure totals US$ 26,000. Costs of spare parts required for maintenance total US$ 15,000. Maintenance is provided in-house. Costs of ongoing maintenance for upgrades, expansions, and licences total US$ 20,000.
IAEA	The costs of the MI system project are estimated at US$ 2 million. The initial level of resources was approximately US$ 1 million, funded from the regular budget. The level of recurrent resources for support services is approximately US$ 0.5 million, from the regular budget. Indirect costs are not available since they are not tracked separately. The costs of commercial software packages amount to approximately US$ 500,000. Additional infrastructure costs are approximately US$ 150,000. Ongoing maintenance costs for upgrades, expansions and licences are estimated at approximately US$ 100,000 per annum.
OECD	On average and over a period of 12 months, each project team for the development of individual administrative and financial systems was composed of: • 5 internal staff (functional and technical); • 3 full-time equivalent specialized external consultants and programmers. Funding was mostly covered through the regular annual budget allocated for systems development. In selected cases special priority funds were allocated to reduce implementation delays. In most cases in-house staff carry out recurrent and non-recurrent support. Where possible, a primary and a secondary support person are assigned to each application, spending about 20 per cent of their time on this work. Maintenance includes ongoing system/database administration and system evolutions. All support is funded from the annual IT budget.

	All costs were budgeted within the envelopes of the individual projects, except for travel and IT staff training. Mainly licence costs for ERPs were heavily reduced compared to market prices. Average upfront costs amount to € 150-200 thousand per package. Typically upfront infrastructure costs for hardware, system tools and networking (new or major enhancements) amount to around € 70-100 thousand per system. Ongoing end-user support represents on average 15 per cent of the implementation costs of each application. This number is digressive for applications that share software components, hardware, etc. Ongoing costs for maintenance licences for all administrative and financial systems amount to about € 150 thousand per year.

Table 6:

Inter-agency coordination

United Nations	There were working arrangements with some agencies. During the initial stages of the project existing systems in use in other agencies were considered, including those of FAO, OECD, WHO and WIPO. UNDP, UNICEF, UNFPA and UNHCR were associated with all the design phases of the system design and development. At the end of 1990-beginning of 1991, a special study was conducted with these entities to identify the differences there might be in the way business processes were performed in each organization. This study was endorsed by all the parties concerned. All design documents for modifications and enhancements to the system's functionality were shared with the user agencies during the project's life cycle.
UNDCP	The United Nations Office for Drug Control and Crime Prevention (ODCCP) does not have an administration of its own, but rather uses others for issuance of staff contracts, procurement, etc. (UNOV, UNDP, UNOPS, etc.). The UNDCP ProFi system, therefore, focused on the needs at the general ledger and budget planning levels (UNDCP uses the PeopleSoft general ledger and budgets modules for this reason). UNDCP is not required to undertake details on transactions on procurement and the like. At headquarters, the system extracts information from the United Nation' IMIS system in real time. This created some complications, none serious, however. All of the problems have been overcome. The interface with UNDP, the other main partner of UNDCP, is more problematic, mainly because UNDP has no real "system" of its own, and UNDCP cannot link up with it. UNDCP only receives data after it has been processed by UNDP, New York after considerable delays.
UNDP	UNDP is using IMIS to support headquarters finance, human resources and other administration activities. UNDP also operates various other headquarter-based systems that complement and interface with IMIS, as well as a country office suite of applications through which financial information is provided to other United Nations organizations.
UNHCR	UNHCR participates in all inter-agency gatherings on ICT matters. It is currently actively seeking a joint development partnership with several United Nations agencies.
UNICEF	The development of IMIS for the United Nations was approved by the General Assembly in December 1988, with the stated purpose of having an integrated system for processing and reporting on administrative actions at all major duty stations. Following a thorough review and evaluation of the United Nations' IMIS, UNICEF determined that IMIS did not provide the functionality it required for finance, programme and contributions. Additionally, the account structure did not suppor either the UNICEF Financial Regulations and Rules or the commercial aspects required by UNICEF for fund-raising and management of its Private Sector Division (PSD). In 1995, at the request of the Secretary-General, and due to a lack of viable alternatives at that time in terms of payroll, UNICEF migrated its headquarters human resources system and began to implement Releases I and II of IMIS, which cover personnel (posts and all actions relating to recruitment, promotion, transfer and separation) and entitlements respectively. UNICEF installed Release I in May 1998 and also implemented major enhancements to make the system function at a level equivalent to that of the legacy system. UNICEF also developed recruitment and classification modules as those present in IMIS were not adequate. Most of these add-on modules and enhancements have been incorporated into the IMIS base system and are now available to other United Nations organizations. UNICEF went live with Release II, for entitlements, in January 1999. Implementation of Release IV, covering payroll, was planned and budgeted for 1997-1998, but due to delays in the overall development of IMIS at the United Nations, the date had been changed to September 1999 for the United Nations and early 2000 for other agencies. The United Nations took action to ensure that its legacy payroll system was made Y2K compliant. UNICEF is currently reviewing the operational modalities for interfacing IMIS payroll with the Financial and Logistics System (FLS). UNICEF regularly attends meetings of the Technical Subgroup of the Ad Hoc Open-ended Working Group on Informatics of the United Nations. This working group has broad responsibilities for United Nations information management. In the Great Lakes region of Africa and other countries affected by emergencies, UNICEF and the WFP are jointly utilizing the UNICEF SITA network and sharing wireless communications to send via e-mail, as well as sharing skills and resources based on an inter-agency Memorandum of Understanding (MOU). This has reduced costs compared to satellite telephone communications, which often are the only international option in other emergency situations. Most of the other field-based United Nations agencies have established contracts with SITA and are increasingly utilizing it for dial-up e-mail (used already in more then 100 UNICEF field offices) or in future, for Internet and Intranet access. While there have been some common IT initiatives with different United Nations agencies, in general the IT environment of the United Nations system in the field is ad hoc, which impedes the sharing of services. Most other agencies do not have organizational standards. If they do, those standards cannot be economically shared or are not updated, or the agencies do not have IT field staff. In addition, managerial enforcement and IT strategy tend to be haphazard, resulting in a variety of equipment that is incompatible with UNICEF standards. Further, its architecture may

	be based on decisions undertaken by a locally contracted support company, or by referring to old standards which have not been updated. UNICEF regularly attends meetings of the common services task forces on IT and telecommunications as well as IMIS. Common services for IT, both in the field and at headquarters, provide the opportunity to reduce costs and share expertise, if exercised with a clear cost-benefit analysis and specific service level agreements, rooted, if required, in inter-agency MOUs. As various United Nations agencies and field-based funds and programmes are at different stages of maturity in terms of IT and its usage and role, the common service approach is a very challenging one. (*Progress report on the UNICEF strategy and investments in information technology*, UNICEF, 1999.)
UNRWA	The only existing inter-agency MIS working arrangement and mutual dependencies is UNRWA use of the IAEA mainframe IBM system to process its existing payroll system. Nevertheless, the existing payroll system is totally managed by UNRWA staff. The IAEA role is to maintain the IBM hardware and operating environment. No dependency exists on the application side.
WFP	Prior to FMIP, the Programme had two major inter-agency relationships. The first was a strictly technical relationship with ICC. This relationship contributed positively to the implementation of FMIP as it allowed the WFP staff to concentrate on the future technology platform while relying on the ICC professional management to ensure stability of the legacy environment. The second relationship was with FAO. This relationship is based on a business and technical level. WFP and FAO currently share the use of a common HR/Payroll system. This relationship has many constraints to FMIP. Firstly, as WFP had never before run its own HR/Payroll system, the level of business and technical knowledge about HR/Payroll was quite low. WFP was forced to recruit from other agencies to obtain the required level of business knowledge. Secondly, as the WFP employees are mixed in the FAO system with FAO employees the logistics of data migration and project start-up are complicated. Finally, the relationship has caused FAO to perform activities to ensure that the migration of WFP employees from the FAO system does not cause problems to their system.
UNESCO	UNESCO tried to profit from the experience of other agencies that had already implemented an ERP before launching FABS, through exchange of information, although the project was implemented as an independent initiative. In the case of SISTER, which was developed according to UNESCO specific programming patterns, it is acknowledged that UNESCO experience could benefit other organizations.
ICAO	Formal (through inter-agency coordination groups) and informal consultations or contacts with other agencies of the United Nations system have taken place so far, to take best advantage of their experience. Such exchanges were quite helpful and had significant impact in terms of raising awareness to problems, strategic orientation, project management, resource allocation, etc.
ITU	The ILO/ITU Health Insurance Fund does have a shared application which is independent of the MI system project. However, ITU has consulted extensively on ERP issues with other organizations since 1991. An HR requirements document was prepared in 1998 in cooperation with WFP and UNICEF, together with UNHCR and WIPO. These efforts have not yet resulted in any shared ERP implementations.
WMO	There are informal working arrangements with some agencies for the sharing of ideas and experiences.
WIPO	In developing its strategy for the AIMS Project, WIPO secretariat staff had detailed discussions and visits with colleagues in Geneva (in ILO, UNHCR, ITU, WHO and WMO, as well as in the World Trade Organization (WTO) and the International Committee of the Red Cross (ICRC), in Vienna (with the Organization for Security and Cooperation in Europe (OSCE) and UNDCP) and in Rome (with FAO and WFP), in order to benefit both from their experience in developing such systems and the lessons learned.
OECD	OECD is part of a group of international agencies which coordinate their administrative rules and regulations. Though not formally engaged with and dependent on any other organization, the OECD secretariat has fostered collaboration and information exchange where possible (e.g. joint operation of computer hardware in support of the payroll of two organizations.

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Report of the Joint Inspection Unit on managing information in the United Nations system organizations: management information systems

Note by the Secretary-General

Addendum

The Secretary-General has the honour to transmit for the consideration of the General Assembly his comments, and those of the United Nations System Chief Executives Board for Coordination (CEB), on the report of the Joint Inspection Unit entitled "Managing Information in the United Nations system organizations: management information systems" (JIU/REP/2002/9) (A/58/82).

* A/58/50/Rev.1 and Corr.1.

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Summary

The report of the Joint Inspection Unit (JIU) entitled "Managing information in the United Nations system organizations: management information systems" (JIU/REP/2002/9) (A/58/82) reviews key managerial and operational issues relating to the management of information in the United Nations system including strategy, leadership, governance, functionality, outsourcing and costs, as well as inter-agency cooperation and coordination. In this context, the report stresses the importance of making best use of available information for effective resource management and decision-making with the support of management information (MI) systems and the utilization of modern information and communication technologies (ICT).

As indicated in the present note members of the United Nations System Chief Executives Board for Coordination (CEB) appreciate the wide-ranging information contained in the report, and note that it touches on a number of important and critical issues, which are challenging not only within the environment of the United Nations system, but also to public and private sector organizations around the world. They generally concur with most of the findings and conclusions of the report, and agree with the actions recommended by JIU to foster greater cost-effectiveness and promote more sharing and learning among the organizations of the system in the exploitation of modern ICT to improve management. They also note that these actions are consistent with the Secretary-General's reform initiatives as contained in his report entitled "Strengthening of the United Nations: an agenda for further change" (A/57/387 and Corr.1).

I. Introduction

1. The report of the Joint Inspection Unit (JIU) entitled "Managing information in the United Nations system organizations: management information systems" (JIU/REP/2002/9) (A/58/82) reviews the progress achieved in the organizations of the United Nations system in the implementation of various information technology (IT) services and management information (MI) systems aimed at improving management in human resources, finance and administrative areas, particularly those that have system-wide impact. It reviews key managerial and operational issues relating to these IT systems, including strategy, leadership, governance, functionality, outsourcing, costs and inter-agency cooperation and coordination. The report draws lessons from the experience of United Nations system organizations in the development of MI systems, and offers insights as well as a set of recommendations for strengthening information management and improving design and implementation of future MI systems.

2. Members of the United Nations System Chief Executives Board for Coordination (CEB) generally concur with the main conclusion of the JIU report, namely, that information is a resource that needs to be managed effectively in the environment of the United Nations system. In that connection, that report provides a good overview and inventory of the experience in management systems in the United Nations system. They also note that although some of this information may already have been overtaken by subsequent developments, it nonetheless provides a good baseline for understanding of the great variety of experiences across the United Nations system reflecting the different requirements of the organizations as well as their different levels of experience and the maturity of their IT systems. CEB members generally concur with the finding that, while there may be room for MI "standards" in terms of policy and procedures in "specific managerial areas" (for example, financial and human resources management, payroll, procurement, travel, and management of conferences, contracts and documents), there are other "substantial areas" in United Nations system organizations that have very specific mandates and for which little will be gained by standardization across the system.

3. CEB members also point out that, in addition to the JIU recommendations calling for additional processes and actions by legislative organs, proper planning and management of information resources require effective training, especially of programme managers, and an organization-wide awareness.

4. As regards the various recommendations of JIU addressed to legislative organs concerning specific attention to MI system planning (recommendations 1, 2, 3 and 5), CEB members observe that existing results-based programming and budgeting processes offer, in most instances, reliable and effective means of addressing these issues without adding another process specific to information management.

5. Concerning the involvement of CEB and its High-level Committee on Management (HLCM) in the process of planning MI strategies and projects as suggested in the report (sect. E, paras. 46-48 thereof), CEB members are of the view that this involvement should be oriented towards providing advice and service rather than review and control. While they agree that cooperation and coordination in respect of designing and implementing MI systems in the United Nations system organizations are useful, they note that the steps recommended are valid only in instances where organizations are planning to embark upon new MI systems. Even

then, however, the goal of cooperation cannot override an organization's own due diligence and programme priorities. CEB members also point out that there are instances where similar systems are already implemented or are in the process of implementation and enhanced cooperation and coordination are already taking place under the CEB/HLCM umbrella in the form of the special interest and user groups for Systems, Applications and Products in Data Processing (SAP), Enterprise Resource Planning (ERP) and Oracle and the Inter-Agency Telecommunications Advisory Group. The latter are special forums designed for sharing experiences and best practices.

6. From a system-wide perspective, CEB members express their concern about the lack of attention given to designing an overall strategy for building up and retaining the specialized skills and knowledge (such as information and communication technology (ICT) project management, ERP requirement analysis and implementation, online procurement etc.) among United Nations system organizations. They note that this situation is exacerbated by the fact that the rules and regulations on the loan and secondment of staff across organizations of the system do not encourage the movement of available expertise within the system that could facilitate knowledge-sharing or minimize the need to hire outside consultants. Nor has there been sufficient opportunity to pursue effective mechanisms for promoting cooperation that would also augment sharing of knowledge and experience. Under these conditions, it is understandable that organizations look outside the United Nations system for best practices and service-sharing opportunities. CEB members believe that more proactive involvement of the organizations of the system is required for finding mutually agreeable modalities for retaining as well as sharing, within the system, the specialized skills, knowledge and experience on the development, operation and upgrading of MI systems. As a result, HLCM and its networks (particularly the ICT Network in respect of the focus of this report) are now initiating such knowledge-sharing activities and promoting the exchange of best practices.

II. Comments on recommendations

***Recommendation 1*: *Legislative organs* should request the Executive Heads of the United Nations system organizations that have not yet done so to prepare and submit, for review and appropriate action, a comprehensive strategy for information management/MI systems (including indication of required resources for development and implementation), with due regard to a full introduction of a results-based management approach (paras. 12, 14, 15, 17, 23, 24, 27, 28, 30 and 31):**

7. CEB members note that a number of organizations of the system have already implemented this recommendation with regard to MI systems, in some cases linked to the introduction of results-based management approaches. A number of organizations have also developed and established comprehensive ICT strategies which include support and development of MI systems. In the United Nations, for example, an information and communication technology strategy has been presented to the General Assembly in document A/57/620. This approach is in line with the Secretary General's reform initiatives as contained in his report entitled "Strengthening of the United Nations: an agenda for further change" (A/57/387 and Corr.1). It addresses information management aspects from within three areas of

delivery, namely: (a) the sharing and dissemination of the Organization's institutional knowledge capital; (b) administrative and management processes (e-management); and (c) the servicing of the United Nations organs and governing bodies.

***Recommendation 2*: *Legislative organs* should request the Executive Heads of the United Nations system organizations that have not yet done so to take the following measures: (paras. 17 and 18):**

(a) Designate/appoint a senior official to serve as Chief Information Officer (CIO). The Chief Information Office would have the functions indicated in subparagraphs (i), (ii), (iii), (iv) and (v) below. Depending upon organization-specific circumstances, however, the CIO functions could be performed by an appropriate unit or, in the case of small organizations that cannot afford a CIO, by a senior official with organization-wide coordinating responsibilities as well as some IT knowledge;

(i) Keep the organization's information management strategy and IT in alignment with its corporate business plan;

(ii) Ensure that information management policies and standards are strictly followed and that the IT infrastructure is well managed;

(iii) Ensure that key decision makers on both substantive and administrative matters have proper and timely information;

(iv) Facilitate developing and maintaining a culture for improving information management in the organization by exploring new technological possibilities as required;

(v) Seek compatibility, to the extent possible, of MI systems-related policies and practices with those of other organizations in the United Nations system, and represent the organization in the inter-agency meetings and consultations (see recommendation 5 (1));

(b) In the context of (a) above, the CIO or the official (including the chief of "an appropriate unit") who has CIO functions should report directly to the Executive Head or, if so warranted in view of the size of an organization, to the Deputy Executive Head in charge of programmes.

8. CEB members note that recommendation 2 above is addressed to the legislative organs. In this regard, they observe that the question of appointment or designation of staff to manage information resources within the organization is the prerogative of the Executive Head. As for the designation of CIOs and their terms of reference, there is no "standard practice" among organizations of the system. CEB members are of the view that, in reality and regardless of whether the terms of reference of the CIO cover the substantive information content or the information system infrastructure or both of these areas, what is important is that the specific roles and responsibilities corresponding to each area remain absolutely clear and operationally well defined at all times. In the case of the United Nations, a board — the ICT Board — has been established as a governance structure that is in line with the organizational complexity of the Secretariat. It acts as a central policy- and standards-setting body, and ensures the necessary level and range of participation in all relevant ICT initiatives and decisions.

9. For these reasons, CEB members take note of the suggestions made by JIU in regard to the terms of reference for CIOs in items (i) to (v) of the recommendation above. They point out that while these may be useful ideas, in the final analysis the decision on the terms of reference of the CIO has to be taken by each organization on the basis of its requirements. In their view, the CIO should be able to interpret the advice that comes from legislative bodies and inter-agency mechanisms, clarify the applicability of policies and standards to the wide range of actual operational requirements, stipulate the criteria for evaluating infrastructure management, and provide other special and competent advice uniquely required by the organization.

***Recommendation 3*: *Legislative organs* should request the Executive Heads:**

(a) To take, insofar as they have not yet done so, the following steps prior to introducing and/or developing a new MI system (paras. 16, 22, 24, 26, 28-31, 34, 37, 40 and 41):

(i) Streamline existing work processes, procedures and practices in such a way as to support results-based management, and identify functional requirements for meeting their mission-critical objectives on the basis of streamlined work processes/procedures/practices, with due consideration of a possible outsourcing of support functions such as payroll, accounting etc. (see recommendation 5 (1) (c));

(ii) Establish a plan for integrating various management systems (like financial and human resources management systems), with a view to introducing/developing an integrated and organization-wide management information system such as ERP;

(iii) Carry out an in-depth review of the functionality that ERP applications can provide, and make a cost-benefit analysis of various options available to each organization (such as developing in-house sharing services with other United Nations entities, and buying a commercial package, including the possibility of changing procedures to adapt to the best industry practices rather than "customizing" commercial products to adapt to the requirements of the organizations), bearing in mind the need, to the extent possible, for inter-agency cooperation and coordination (see recommendation 5).

(b) To report, for review and appropriate action, on the measures taken on the above, and, on a regular basis, on the progress made in MI system project implementation.

10. CEB members note that while items (i) to (iii) above may be well-established business practices, it may not be practical for obvious reasons to make them a "standard" for all organizations across the system.

11. In the light of the above and given the fact that organizations of the system may have distinctive requirements, CEB members doubt the feasibility of implementing item (iii) in particular, which calls for changing or adapting rules, procedures and related processes within the United Nations system environment.

***Recommendation 4*: With a view to enhancing transparency and comparability of financial implications of MI system projects, the United Nations Secretary-General, in his capacity as the Chairman of CEB, should request CEB/HLCM to establish a standardized cost classification, to be used for cost estimates of**

MI system projects implemented by the United Nations system organizations and to report thereon to the competent legislative organs of these organizations through the Executive Heads thereof (paras. 42-44).

12. While recommendation 4 above is acceptable, in principle, CEB members point out that the establishment of standardized cost classifications would need to take into account a whole range of factors, including such questions as the scope of the MI system projects to be included, business processes and methods of analysis, definition of risks, identification of required infrastructure, reporting mechanisms, working environment, financial control requirements etc. Among these numerous factors are various technical and practical issues that, as experience has shown, are not easily agreed upon among the organizations of the system. The complexity of these factors may therefore render this recommendation difficult to implement. CEB members also note that more emphasis needs to be given to the fact that most of the costs associated with the implementation of information systems are related to human resources, rather than hardware and software, and should thus be adequately taken into account.

***Recommendation 5*: In order to enhance cooperation and coordination in respect of designing and implementing MI systems in the United Nations system organizations by avoiding duplicated efforts and investments, the United Nations Secretary-General, in his capacity as the Chairman of CEB, should request CEB/HLCM (paras. 4, 40, 41 and 45-47):**

(a) To intensify consultations on this matter, by taking into account the following options:

(i) Joint designing and/or joint implementation of MI systems among organizations having commonality in the nature of their mandates[1] and/or similar requirements with respect to support functions (for example, payroll processing, accounting, human resources management, general services);

(ii) Sharing services with other organizations in the United Nations system;

(iii) Outsourcing common support functions to other organizations;

(iv) Application hosting for other United Nations system organizations by those that have developed ERP system;

(v) Possible enhanced use of the International Computing Centre (ICC);

(b) To report thereon to the competent legislative organs, for review and appropriate action, through the Executive Heads of the respective organizations.

13. CEB members are of the view that, in the first instance, the proposed steps to encourage coordination and cooperation in developing and implementing MI systems, while generally valid, need to be considered on a case-by-case basis in

[1] Based on the discussion with officials in a number of organizations in the United Nations system it is considered that the United Nations system organizations could broadly be grouped into, for instance: the United Nations itself, the United Nations funds and programmes, and the specialized agencies, which groupings could be further classified into a number of subgroups such as field- or headquarters-oriented, and big or small organizations.

view of the complexity as well as the substantially different requirements of the MI systems of the various organizations of the system. Moreover, it is likely to be applicable only in the case of MI systems being planned for the first time. As noted in paragraph 5 above, where similar systems are in the process of construction or are already in place, enhanced cooperation and coordination are already taking place, inter alia, through the special interest groups for SAP and ERP or the Inter-Agency Telecommunications Advisory Group. With regard to sharing services and outsourcing support functions, CEB members note that a number of arrangements already exist between organizations albeit not on a system-wide basis. They further note that, where economies of scale can be achieved, the enhanced utilization of the services of ICC as a service provider should be encouraged. CEB members point out that these issues are in the agenda of HLCM which is the appropriate inter-agency mechanism for providing a common framework within which these options can be considered.

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Proposed programme budget for the biennium 2004-2005

Programme planning

Proposed revisions to the medium-term plan for the period 2002-2005

Programme 8
United Nations support for the New Partnership for Africa's Development

Note by the Secretary-General

1. The preparation, format and content of the medium-term plan and its revisions are governed by the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8).

2. Regulation 4.13 provides, inter alia, that the medium-term plan shall be revised as necessary every two years to incorporate required programme changes and that the proposed revisions shall be as detailed as necessary to incorporate the programme implications of the resolutions and decisions adopted by intergovernmental organs and international conferences since the adoption of the plan.

3. Through its resolutions 57/2 of 16 September 2002 and 57/7 of 4 November 2002, the General Assembly decided to bring the United Nations New Agenda for the Development of Africa in the 1990s to a close and endorsed the recommendation of the Secretary-General that the New Partnership for Africa's Development (A/57/304, annex) should be the framework within which the international community, including the United Nations system, should concentrate its efforts for Africa's development. The Assembly underscored the need for a structure in the Secretariat in New York, at an appropriate level, that would review and report on support provided by the United Nations system and international community for the New Partnership and on the coordinated implementation of outcomes of summit meetings and conferences relating to Africa, as well as coordinate global advocacy in support of the New Partnership and, in that context requested the Secretary-

* A/58/50/Rev.1 and Corr.1.

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General to make proposals on the organization of such a structure within the framework of his proposals for the programme budget for the biennium 2004-2005.

4. In his report entitled "Strengthening of the United Nations: an agenda for further change" (A/57/387 and Corr.1), the Secretary-General underlined that international and United Nations support should be promoted and monitored to ensure that appropriate attention is focused on Africa. He also drew attention to the recommendations of the independent evaluation of the United Nations New Agenda for the Development of Africa in the 1990s concerning the need to implement appropriate coordination measures at United Nations Headquarters to support the General Assembly and the Economic and Social Council in their deliberations on Africa. Pursuant to that recommendation, the Secretary-General decided to give the Adviser for Special Assignments in Africa the responsibility of coordinating and guiding the preparation of reports and inputs for Africa-related debates of the Assembly and its subsidiary bodies and to transfer to him responsibility for the resources of the Office of the Special Coordinator for Africa and the Least Developed Countries, which was located in the Department of Economic and Social Affairs.

5. By its resolution 57/300 of 20 December 2002, the General Assembly approved the transfer of the resources allocated to the Office of the Special Coordinator for Africa and the Least Developed Countries and those from the office of the Adviser for Special Assignments in Africa to the new Office of the Under-Secretary-General and Special Adviser on Africa, and also entrusted that office with the responsibilities of:

(a) Coordinating and guiding the preparation of Africa-related reports and inputs, in particular support for the New Partnership for Africa's Development, by the United Nations system and the international community and coordinating global advocacy in support of the New Partnership for Africa's Development;

(b) Coordinating the interdepartmental task force on African affairs to ensure coherence and an integrated approach for United Nations support to Africa, including following up the implementation of all summit and conference outcomes related to Africa and addressing gaps and initiating reports on critical issues affecting Africa.

6. Until the General Assembly decided, at its fifty-seventh session, to bring the New Agenda to a close, the activities of a global and regional nature carried out by the United Nations and the programmes and specialized agencies of the United Nations system in connection with the New Agenda were programmed under programme 8 of the medium-term plan[1] and section 10 of the programme budget for the biennium 2002-2003 (A/56/6 (Sect.10)). Both programme 8 and section 10 are entitled "Africa: New Agenda for Development", and they include three subprogrammes, which are under the responsibility of the Office of the Special Coordinator for Africa and the Least Developed Countries, the Economic Commission for Africa and the Department of Public Information respectively.

7. In section I, paragraphs 5 and 6, of its resolution 57/282 of 20 December 2002, the General Assembly noted the recommendations of the Committee for Programme and Coordination that the Secretary-General submit proposals for revisions to programme 8 of the medium-term plan so as to reflect the final review and appraisal by the Assembly at its fifty-seventh session of the implementation of the New

Agenda and any other relevant legislative mandates, and requested the Secretary-General to submit those revisions through the Committee at its forty-third session for consideration by the Assembly at its fifty-eighth session. The Assembly also requested the Secretary-General, bearing in mind that a lack of time precluded further revision of the medium-term plan at the fifty-seventh session, to prepare the proposed programme budget for the biennium 2004-2005 for programme 8 of the medium-term plan in line with the recommendations of the Committee at its forty-second session[2] and other relevant legislative mandates.

8. Pursuant to those requests, the revisions to programme 8 of the medium-term plan are set out in the annex to the present document. The revised programme, entitled "United Nations support for the New Partnership for Africa's Development", reflects the relevant provisions of General Assembly resolutions 57/2, 57/7 and 57/300 and constitutes the framework for an integrated and coordinated response by the United Nations in support of the New Partnership. Taking into account the nature and scope of the support that the United Nations and the programmes and specialized agencies of the United Nations system are expected to provide, the revised programme will continue to include the following three subprogrammes:

(a) Subprogramme 1, Coordination of global advocacy of and support for the New Partnership for Africa's Development, under the responsibility of the new Office of the Special Adviser on Africa;

(b) Subprogramme 2, Regional coordination of and support for the New Partnership for Africa's Development, under the responsibility of a special coordinating unit in the Economic Commission for Africa;

(c) Subprogramme 3, Public information and awareness activities in support of the New Partnership for Africa's Development, under the responsibility of the Africa Section in the Department of Public Information.

9. The revised programme provides the framework for section 11 of the proposed programme budget for the biennium 2004-2005, which is also submitted for the consideration of the General Assembly at its fifty-eighth session in document A/58/6 (Sect. 11).

10. Because of the magnitude of the revisions, it was not considered practical to show the changes by using boldface type for the new text and striking out the text to be deleted. Accordingly, the narrative is presented as new and does not identify separately the new text and the text to be deleted. Instead, commentary and cross references to paragraphs in the existing revised medium-term plan[3] are indicated in italics.

11. There is no specialized reviewing body for this programme. The revisions are submitted directly to the central reviewing bodies for their consideration.

Notes

[1] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 6* (A/55/6/Rev.1).

[2] Ibid., *Fifty-seventh Session, Supplement No. 16* (A/57/16), chap. III.

[3] Ibid., *Supplement No. 6* (A/57/6/Rev.1).

Annex

Proposed revisions to programme 8 of the medium-term plan for the period 2002-2005*

United Nations support for the New Partnership for Africa's Development

[new title]

Overall orientation

8.1 The mandate of the programme derives mainly from General Assembly resolutions 55/2, 55/279, 56/95, 57/2, 57/7 and 57/300. The priority actions for achieving Africa's development goals are articulated in section VII of the report of the Secretary-General entitled "Road map towards the implementation of the Millennium Declaration" (A/56/326) and the ministerial declaration adopted by the Economic and Social Council at its high-level segment of 2001. The activities to be undertaken within the framework of this programme are also derived from the report of the Secretary-General on the causes of conflict and the promotion of durable peace and sustainable development in Africa (A/52/871-S/1998/318), in which he made wide-ranging recommendations on the question of peace and development in Africa; the Organization of African Unity resolution entitled "Relaunching Africa's economic and social development: the Cairo Agenda for Action", and the Tokyo Agenda for Action, adopted by the Second Tokyo International Conference on African Development, in 1998. *[para. 8.3 changed to reflect new mandates of the General Assembly as well as the ministerial declaration of the Economic and Social Council]*

8.2 The former programme entitled "Africa: New Agenda for Development" was established subsequent to the identification by the General Assembly of the economic recovery and sustainable development of Africa as a top priority of the United Nations. It was designed to be a catalyst and to coordinate and promote activities undertaken by other programmes and entities directly responsible for the operational implementation of such activities. The programme was to play an advocacy role and ensure that issues related to African development remained on the agenda of the United Nations and the international community. Following the final review and appraisal of the New Agenda for the Development of Africa in the 1990s, in 2002, the General Assembly adopted resolution 57/7, which brought the New Agenda to a close and endorsed the New Partnership for Africa's Development as the new framework for the international community's support for African development. *[part of the text is the same as in old para. 8.1]*

8.3 The main objectives of the programme are: (a) to mobilize the support of the international community for the implementation of the New Partnership for Africa's Development; (b) to facilitate the process by which African countries can learn from and share the experience of other developing regions through South-South cooperation; (c) to promote a coordinated and effective response by the United

* *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 6* (A/57/6/Rev.1).

Nations system at the global and regional levels in support of African development, in particular, the New Partnership; and (d) to raise international awareness on African development, in particular the priorities of the New Partnership. *[replaces old para. 8.2]*

8.4 While there have been signs of economic recovery in Africa in recent years, it is not yet strong enough nor sustained enough to reduce poverty or to contribute to the structural transformation of the region's economies. A wide range of problems, such as an overdependence on exports of a few primary commodities, the challenges of good governance and sound macroeconomic policies, desertification and environmental degradation, debt overhang, declining official development assistance against the backdrop of the continuing low level of domestic savings and investment, and a low level of foreign direct investment, as well as problems relating to the HIV/AIDS pandemic, post-conflict reconstruction and the emergence of new conflicts, undermine sustained growth and sustainable development in Africa. These have a negative impact on the successful integration of Africa into the global economy. Also, the ongoing pattern of natural disasters is reversing the limited economic gains made in recent years. *[most of the text is the same as in old para. 8.4]*

8.5 The programme's strategy would be organized around three main sets of activities: (a) the mobilization and coordination of international support; (b) enhanced coordination, monitoring and assessment of activities at the field level; and (c) advocacy and global awareness of the region's critical economic and social situation. To that end, at the policy level the programme would facilitate the work of intergovernmental and ad hoc bodies that discuss Africa through the submission of high-quality studies, proposals for action and progress reports on the status of implementation of the New Partnership for Africa's Development. At the operational level, it would be based on regular consultations and information-sharing on the priorities established by the New Partnership and intergovernmental processes with a view to enabling Africa to derive maximum benefit from improved coordination of the activities undertaken by the agencies of the United Nations system. The programme would actively promote partnership between Africa and the stakeholders in its development through a better flow of information and organizing forums for policy makers and experts. *[part of the text is the same as in old para. 8.6]*

8.6 The programme will be under the joint responsibility of the Office of the Special Adviser for Africa, the Economic Commission for Africa (ECA) and the Department of Public Information of the Secretariat. The Office of the Special Adviser on Africa provides overall coordination and leadership of the programme. *[replaces old para. 8.7]*

Subprogramme 1
Coordination of global advocacy of and support for the New Partnership for Africa's Development

[Replaces old subprogramme 1, old paras. 8.8-8.11 are replaced by the new paragraphs below]

Objective

8.7 The objectives of the subprogramme are to mobilize the support of the international community for African development, including through South-South cooperation, and to promote a coordinated effective response by the United Nations system in support of the New Partnership for Africa's Development.

Strategy

8.8 Substantive responsibility for the subprogramme is vested in the Office of the Special Adviser on Africa. The subprogramme's strategy will focus on creating an environment that enables the international community to commit its support to Africa and to give effect to its commitments, and on enhancing ownership by African countries of their development processes. To that end, it will promote and strengthen the partnership between Africa and its development partners through the exchange of experiences and an improved flow of information, based on the priorities of the New Partnership for Africa's Development. The subprogramme will also encourage increased cooperation between Africa and the other regions, including through the Tokyo International Conference on African Development and other initiatives for greater South-South cooperation. At the policy level, it will contribute to the coordination of the response of the United Nations system to Africa by providing inputs, as necessary, to the work of the General Assembly, the Economic and Social Council and the Committee for Programme and Coordination. In addition, the subprogramme will promote the implementation of the relevant provisions of the road map towards the implementation of the Millennium Declaration and the 2001 ministerial declaration of the Economic and Social Council, as well as the recommendations of the United Nations global conferences as they affect Africa, especially actions pertaining to the eradication of poverty and the integration of African countries into the global economy.

Expected accomplishments

8.9 The expected accomplishments would include: (a) increased international support for Africa's development; (b) increased awareness and understanding of African development issues by Member States and other stakeholders, including the private sector and civil society.

Indicators of achievement

8.10 The indicators of achievement would include: (a) the percentage of recommendations included in reports of the Secretary-General on the causes of conflict and the promotion of durable peace and sustainable development in Africa and on the New Partnership for Africa's Development: progress in implementation and international support, that are adopted by the General Assembly in resolutions

following debates on Africa, and (b) the frequency and profile of the users of the web sites.

Subprogramme 2
Regional coordination of and support for the New Partnership for Africa's Development

[Replaces old subprogramme 2, old paras. 8.12-8.16 are replaced by the new paragraphs below]

Objective

8.11 The objective of the subprogramme is to facilitate the coordination of United Nations system-wide support for the implementation of the New Partnership for Africa's Development at the regional and subregional levels.

Strategy

8.12 Substantive responsibility for this subprogramme is vested in ECA. The strategy will include: (a) promoting the guiding principles of the New Partnership and building consensus on key priority areas through consultative forums and the exchange of information and experiences among regional, subregional and national stakeholders, taking advantage of annual regional consultations among United Nations agencies working in Africa as well as annual meetings of the Intergovernmental Committee of Experts organized by ECA subregional offices; (b) fostering partnerships and networks in support of implementation schemes; and (c) monitoring, assessing and reporting on progress in the implementation of United Nations system-wide action plans in support of the New Partnership.

8.13 Additional activities include the organization of workshops, seminars and expert meetings aimed at promoting better awareness among African policy makers of Africa-related initiatives and programmes. The subprogramme will foster partnership so as to facilitate support for the implementation of the New Partnership.

Expected accomplishments

8.14 The expected accomplishments would include enhanced coordination between United Nations inter-agency clusters under the New Partnership, regional economic communities, the African Union, the African Development Bank, the secretariat of the New Partnership and non-governmental organizations in the implementation of the New Partnership at the regional, subregional and national levels.

Indicators of achievement

8.15 Indicators of achievement would include the number of consultative meetings with regional economic communities, United Nations New Partnership clusters and the New Partnership secretariat, including the African Union and the African Development Bank, as well as the quality and relevance of subsequent action programmes.

Subprogramme 3
Public information and awareness activities in support of the New Partnership for Africa's Development

[*Replaces old subprogramme 3; old paras. 8.17-8.20 are replaced by the new paragraphs below*]

Objective

8.16 The objective of the subprogramme is to contribute to international awareness of the critical economic and social situation in Africa, as well as of the efforts made by Africa and the international community to promote the economic recovery and sustainable development of the region in support of the New Partnership for Africa's Development.

Strategy

8.17 Substantive responsibility for the subprogramme is vested in the Africa Section of the Department of Public Information. The strategy is based on developing global communication strategies on priority issues affecting Africa and ensuring that those strategies are implemented in coordination with the rest of the Department, the United Nations Communications Group and the United Nations system as a whole. Activities will include the quarterly publication of *Africa Recovery*, along with a range of other outputs, including more web-only articles, briefing and background papers, brochures and articles placed in non-United Nations media. Dissemination to a diverse public as well as to target groups, such as parliamentarians, policy makers both in government and in non-governmental organizations, trade unions and civil society and academic institutions, will be done through direct contact with individuals and groups as well as through systematic outreach to the media in Africa and to the international mass media so as to ensure that key players are informed of major national and international initiatives and events that affect economic progress in Africa.

Expected accomplishments

8.18 The expected accomplishments would include: (a) greater availability to policy makers, the media and activists of readily digested analytical information on complex issues, such as the region's economic and socio-political situation and the international and African efforts required for the continent's development within the framework of the New Partnership; and (b) awareness by target readers of key thematic issues covered by the information materials produced by the programme, both in print and on the web site.

Indicators of achievement

8.19 The indicators of achievement would include: (a) the percentage of users expressing satisfaction with the value of materials published in *Africa Recovery* (print and electronic editions); and (b) the percentage of target readers expressing awareness of the key thematic issues.

Legislative mandates

Programme 8
United Nations Support for the New Partnership for Africa's Development

General Assembly resolutions

54/35	Zone of peace and cooperation of the South Atlantic
54/232	Implementation of the first United Nations Decade for the Eradication of Poverty
55/2	United Nations Millennium Declaration
55/210	Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006), including the initiative to establish a world solidarity fund for poverty eradication
55/279	Programme of Action for the Least Developed Countries for the Decade 2001-2010
56/95	Follow-up to the outcome of the Millennium Summit
57/2	United Nations Declaration on the New Partnership for Africa's Development
57/7	Final review and appraisal of the United Nations New Agenda for the Development of Africa in the 1990s and support for the New Partnership for Africa's Development
57/296	Causes of conflict and the promotion of durable peace and sustainable development in Africa
57/300	Strengthening of the United Nations: an agenda for further change

Security Council resolutions

1170 (1998)

1197 (1998)

Economic and Social Council

Ministerial declaration adopted by the Council at its high-level segment of 2001

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Proposed programme budget for the biennium 2004-2005

Programme planning

Proposed revisions to the medium-term plan for the period 2002-2005

Programme 7
Economic and social affairs

Note by the Secretary-General

1. The medium-term plan for the period 2002-2005 was adopted by the General Assembly in its resolution 55/234 of 23 December 2000 and revisions pertaining thereto, submitted by the Secretary-General, were adopted by the General Assembly in its resolution 57/282 of 20 December 2002, on the recommendations of the Committee for Programme and Coordination[1] and the recommendations of the Economic and Social Council contained in its resolution 2002/39 of 25 October 2002 (see A/57/6/Rev.1). The General Assembly, in its resolution 57/282, noted the recommendations of the Committee for Programme and Coordination[2] and requested that the Secretary-General submit proposals for revisions to programme 7, Economic and social affairs, of the medium-term plan so as to reflect the review by the Assembly at its fifty-seventh session of the outcome of the International Conference on Financing for Development and the World Summit on Sustainable Development, through the Committee for Programme and Coordination at its forty-third session for consideration by the General Assembly at its fifty-eighth session.

2. Pursuant to the request of the Assembly, revisions to programme 7 of the medium-term plan for the period 2002-2005 are proposed in the annex. The revisions consist of modifications to the narrative of the overall orientation of the programme and to the narrative of subprogramme 4, Sustainable development, and the addition of a new subprogramme 10, entitled "Financing for development".

3. The General Assembly, in its resolution 57/253 of 20 December 2002, endorsed the outcomes of the World Summit on Sustainable Development and

* A/58/50/Rev.1.

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decided, inter alia, to adopt sustainable development as a key element of the overarching framework of the United Nations activities, and called for profound changes in the work of the United Nations in subsequent periods. This includes strengthening of the Commission on Sustainable Development which was called upon to strengthen and enhance its role in supporting implementation of sustainable development programmes in order to enable it to respond to new demands that emerged from the World Summit on Sustainable Development.

4. The revisions to subprogramme 4 are aimed at supporting follow-up to and implementation of the outcomes of the World Summit on Sustainable Development in line with the Commission's responsibilities and additional mandates emanating from the Johannesburg Plan of Implementation. They have been prepared in parallel with the proposed programme budget for the biennium 2004-2005. Further details of the activities that might need to be undertaken would be determined in the light of the programme of work to be adopted by the Commission at its eleventh session, held from (28 April to 9 May 2003).

5. The General Assembly, in its resolution 56/210 B of 9 July 2002, endorsed the Monterrey Consensus as adopted by the International Conference on Financing for Development. Subsequently, by its resolution 57/273 of 20 December 2003, the Assembly, inter alia, requested the Secretary-General to establish, as soon as possible, appropriate secretariat support arrangements, with collaboration from other agencies and institutional stakeholders and with a distinctive function to provide effective substantive secretariat support for sustained follow-up within the United Nations to the agreements and commitments reached at the Conference; decided that the functions of the new secretariat support structure should be of an integrating, cross-cutting and holistic nature and that it should, inter alia, serve as a focal point in the United Nations Secretariat for overall follow-up to the implementation of the outcome of the Conference, provide secretariat support to the intergovernmental process entrusted with the follow-up to the Conference, support and facilitate the participation of all stakeholders, follow closely the issues and policies related to international economic, financial and development cooperation, and keep under review actions taken at all levels in the follow-up to the Conference, as well as within the framework of international economic, financial and development cooperation in general; and requested the Secretary-General to accord priority to the following main tasks related to follow-up activities: (a) promoting coherence and an integrated approach within the United Nations to issues related to financing for development, fully utilizing the United Nations System Chief Executives Board for Coordination mechanism; (b) intensifying interactions with the secretariats of the World Bank, the International Monetary Fund and the World Trade Organization, as well as other institutional stakeholders; (c) continuing the involvement of other relevant stakeholders, including civil society organizations and the private sector; and (d) preparing inputs for consideration by the intergovernmental bodies concerned.

6. The narrative of the new subprogramme 10, Financing for development, has been formulated on the basis of the Monterrey Consensus of the International Conference on Financing for Development, in particular chapter III thereof, on "Staying engaged"; the relevant resolutions of the General Assembly and the Economic and Social Council; and the proposals contained in paragraphs 45 to 50 of the report of the Secretary-General on the outcome of the International Conference

on Financing for Development (A/57/344), as endorsed by the General Assembly in its resolution 57/273.

7. The narratives of revised subprogramme 4 and of the new subprogramme 10 have been prepared in parallel with the proposed programme budget for the biennium 2004-2005 and serve as the framework for the programmes of work and related resources included in subprogrammes 4 and 10 of section 9, Economic and social affairs, of the proposed programme budget for that biennium. Both the narrative of the medium-term plan for subprogramme 4 and the programme of activities for the biennium 2004-2005 for the same subprogramme were submitted to the Commission on Sustainable Development at its eleventh session, held from 28 April to 9 May, for review.

8. In the proposed revisions, new text to be inserted appears in boldface and text to be deleted appears in strikeout type.

Notes

[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 16* (A/57/16).

[2] Ibid., paras. 107 and 108.

Annex

Proposed revisions to programme 7 of the medium-term plan for the period 2002-2005*

Economic and social affairs

Overall orientation

7.1 The overall purpose of the programme is to strengthen international economic and social cooperation and to promote development in a comprehensive, inclusive and far-sighted manner. The United Nations is in a unique position to address the interests of all countries, including the requirements and development concerns of countries that are profoundly affected by the powerful tide of forces moving global change but with little capacity individually to influence the processes that are under way. The adoption of the United Nations Millennium Declaration provides a mandate to rededicate the United Nations to meeting the real needs of people everywhere and to address their concerns and aspirations effectively. The powerful tide of forces in a rapidly globalizing world is having a profound impact on development and on the need to strengthen multilateralism. The opportunities, challenges and risks call for deeper analysis, the building of international consensus, strengthening of partnership of Governments of the North and South on the one hand, and between major groups or relevant stakeholders, on the other, and the strengthening of operational support. The work of the Department of Economic and Social Affairs in those four areas is mutually supportive and enriching. The programme will continue to pay particular attention to the overall objective of promoting sustainable development, in particular to eradicate poverty and to address the special needs of Africa, the least developed countries, the landlocked transit developing countries and the small island developing States, as well as to the promotion of South-South cooperation. The programme will be further guided by the need to empower women through gender-mainstreaming, advocacy and the design of policies to achieve relevant targets.

7.2 Relevant legislative authorities include the programmes and platforms of action adopted by the General Assembly, such as the International Development Strategy, the Agenda for Development, the outcome of the United Nations Conference on Environment and Development (1992), the Global Conference on the Sustainable Development of Small Island Developing States (1994), the International Conference on Population and Development (1994), the World Summit for Social Development (1995), the Fourth World Conference on Women (1995), the nineteenth special session of the General Assembly for the purpose of an overall review and appraisal of the implementation of Agenda 21 (1997), the twenty-second special session of the General Assembly for the review and appraisal of the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States (1999), the key actions for the further implementation of the Programme of Action adopted at the International Conference on Population and Development (1999), the World Summit for Social Development (1995), the special session of the General Assembly on the implementation of the outcome of the World Summit for Social Development and further initiatives (2000), the special session of the General Assembly entitled "Women 2000: gender equality, development and peace for the twenty-first century" (2000), the World Education Forum (2000), the special session of the

* *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 6* (A/57/6/Rev.1).

General Assembly on HIV/AIDS (2001), the special session of the General Assembly on children (2002), the United Nations Millennium Declaration (2000) and the follow-up to the outcomes of the Millennium Summit (2001), the Third United Nations Conference on the Least Developed Countries (2001), the International Conference on Financing for Development (2002), the International Plan of Action on Ageing, adopted at the Second World Assembly on Ageing (2003), and ~~the outcome of the World Summit for Sustainable Development, to be held in 2002, will provide further legislative authority to the programmeand~~ **the World Summit on Sustainable Development (2002)**.

7.3 Accordingly, in pursuing and supporting the implementation of agreed development goals and in line with the indications contained in the report of the Secretary-General on "Strengthening of the United Nations: an agenda for further change" (A/57/387) and General Assembly resolution 57/300 of 20 December 2002, special attention will be given to advancing the development goals embodied in the United Nations Millennium Declaration and related elements of the programmes of action of the above-mentioned international conferences within the purview of the Department, and particularly to promoting an effective follow-up to the International Conference on Financing for Development and the World Summit on Sustainable Development. The mandates and priorities emerging from these conferences and the need to support the calls by the Economic and Social Council and the General Assembly for an integrated and coordinated follow-up to and implementation of the United Nations conferences and summits, imply enhanced responsibilities for the programme, including the requirement to provide Member States with macroeconomic analyses and statistical and demographic analysis and information that can support coherent and effective policy formulation and implementation and assist the international community in concerting its overall implementation effort.

7.~~3~~**4** The programme has the most extensive capacity within the United Nations system for economic, social and demographic statistics, including the collection and analysis of data on demographic issues, and distinct capacities in the key areas of macroeconomic analysis, sustainable development, social development, public economics and public administration, as well as gender issues and the advancement of women. In addition, through its capacity for normative and operational work, the programme is able to provide effective integrated support for the formulation of policies by the concerned intergovernmental bodies and processes and to advance their follow-up at both the global and national levels. Of special importance in this regard is promoting the development of policies on macroeconomic issues, such as those being pursued in the finance for development process; the renewal of dialogue through partnership in the General Assembly; the high-level consideration of economic and social issues in the Economic and Social Council, including the Council's dialogue with the financial and trade institutions; the continuing policy dialogue in the Assembly and the Council on globalization and interdependence and the related implications for development, in particular the implementation and follow-up to the outcomes of the United Nations conferences and summits in the economic and social fields. Of special importance in this regard is the follow-up to the Millennium Declaration and the promotion of the development of policies on macroeconomic issues.

7.~~4~~**5** The programme also has special responsibility for coordination, within the United Nations, through the Executive Committee for Economic and Social Affairs and the United Nations system as a whole. In relation to the latter, the programme is responsible for providing support to the Economic and Social Council and for interactions between the Council and the United Nations System Chief Executives Board for Coordination. It also

provides the administrative location for the function of substantive and technical servicing of the Board, which is supported on an inter-agency basis.

7.~~5~~ **6** The programme is under the responsibility of the Department of Economic and Social Affairs. There is no single intergovernmental body providing overall guidance to the programme. Such guidance is provided by intergovernmental and/or expert bodies for each subprogramme.

Subprogramme 4
Sustainable development

7.~~19~~ **20** The objective of the subprogramme is to ~~seek to ensure~~ **support sustainable development efforts at all levels** ~~the~~ **This will include support for an** effective and coordinated implementation of Agenda 21 and other commitments made during the United Nations Conference on Environment and Development, **the Programme for the Further Implementation of Agenda 21 adopted by the General Assembly at its nineteenth special session**, the ~~outcome of the Global Conference on~~ **Programme of Action for** the Sustainable Development of Small Island Developing States, the outcome of the twenty-second special session of the General Assembly to review the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, ~~the Programme for the Further Implementation of Agenda 21 adopted by the General Assembly at its nineteenth special session~~, and the ~~decisions of the Commission on Sustainable Development as well as the resolutions and decisions adopted by the Economic and Social Council on the recommendation of bodies responsible for energy and natural resources~~ **the Plan of Implementation of the World Summit on Sustainable Development, as well as the United Nations Millennium Declaration**.

7.~~20~~ **21** The Division for Sustainable Development is responsible for the subprogramme. The strategy will include:

(a) Promoting effective, **coherent** and coordinated implementation of the sustainable development agenda of the United Nations, **at the national, regional and global levels, taking into account the roles and contributions of various implementation actors and constituencies involved in this process, namely Governments, international and regional organizations from both within and outside the United Nations system, major groups, partnerships and other stakeholders;**

(b) Providing ~~substantive~~ **effective** support **to the Commission on Sustainable Development, with a view to responding to the enhanced role of the Commission in reviewing progress, identification of gaps and constraints and addressing new challenges and opportunities in the implementation and** ~~bringing new issues within the context~~ of Agenda 21 **and outcomes of the World Summit on Sustainable Development, through in-depth analysis and evaluation of trends in implementation; cross-sectoral analysis of sustainability in the economic and natural resources sectors, including better reflection of the gender dimension; analysis of lessons learned, identification of best practices and new challenges; and formulation of recommendations on ways to overcome gaps and constraints to implementation** ~~to the attention of the Commission on Sustainable Development for its consideration, including assessment of critical areas of sustainability~~;

(c) **Supporting implementation of the outcomes of the World Summit on Sustainable Development in areas such as: elaboration and implementation of the ten-year framework of programmes on sustainable** ~~Following up on the decisions taken regarding the economic, social and environmental aspects of sustainable development, paying due attention to matters related to providing adequate and predictable new and additional financial resources to developing countries, supporting the efforts of countries with economies in transition, changing~~ production and consumption patterns ~~and mechanisms for the transfer of technology to those countries, including on concessional and preferential terms, as mutually agreed in Agenda 21 and the Programme for the Further Implementation of Agenda 21, addressing poverty in the context of sustainable development, and ensuring the implementation of General Assembly resolutions 53/7, in which it endorsed the World Solar Programme, 1996-2005, and 54/215, in which it called for further action to ensure that the World Solar Programme, as a part of the overall new and renewable sources of energy agenda, is fully integrated and brought into the mainstream of the efforts of the United Nations system towards attaining the objective of sustainable development~~; **strengthening of the knowledge base of sustainable development; technology transfers, making more effective use of national and regional reports and other information on progress in the implementation of sustainable development; promoting further work on indicators to monitor progress towards goals and targets of the World Summit on Sustainable Development; tracking significant legal developments in the field of sustainable development; and using contemporary methods of data collection and dissemination, including broader use of information technologies;**

(d) **Strengthening cooperation with major groups and identification of new opportunities for their further engagement, as defined in Agenda 21, in the United Nations work in the area of sustainable development, including implementation of goals, objectives and targets set at the World Summit on Sustainable Development, as well as enhancing contributions from major groups to the sessions and activities of the Commission on Sustainable Development;**

(e) **Setting up a transparent and credible system for the review and monitoring of sustainable development partnerships, involving Governments, international organizations and major groups, and supporting efforts to promote new partnerships, while ensuring that these partnerships become one of the means of supporting the implementation of internationally agreed upon sustainable development goals, targets and objectives;**

(f) **Supporting the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States, along with relevant outcomes of the World Summit on Sustainable Development and ensuring effective support to the ten-year review of progress in the implementation of the Programme of Action and respective follow-up;**

~~(d)~~(g) Providing advisory services **and devising operational strategies to** ~~Governments, at their request, in preparing national~~ **and to promote enhanced capacity of developing countries, countries with economies in transition and regions to develop and implement** sustainable development strategies and related actions; **enhance sustainable development councils and coordination structures;**

develop strengthened information, monitoring and reporting systems, including indicators of sustainable development; providing policy advisory and technical cooperation services to national Governments on matters related to sustainable development in the water, natural resources, mining and minerals, energy, transport and infrastructure sectors;

~~(c) Devising operational strategies to promote the sustainable use of natural resources and energy, , strengthening institutional, human resources and policy-making capacity in the area of natural resources, in particular water resources, and helping to develop and commercialize new and renewable sources of energy, as well as strengthening national institutions for the assessment and management of energy resources natural and related requests;~~

~~(f)~~**(i)** Promoting and supporting North-South, and **South-South and regional** ~~international~~ cooperation in the area of sustainable development.

Expected accomplishments

7 ~~21~~ **22** Expected accomplishments would include:

(a) **Effective implementation of the outcomes of the World Summit on Sustainable Development related to strengthening of the Commission on Sustainable Development and its reorientation to support implementation of sustainable development at all levels, including through partnerships that support implementation of goals and objectives set at the Summit;**

~~(a)~~**(b) Better integration of** ~~Strengthening of coordinated approaches towards implementing the~~ economic, social and environmental ~~aspects~~ **dimensions** of sustainable development **in all activities of sustainable development through strengthened collaboration among international organizations and financial institutions, particularly in** ~~by all actors including the organizations of~~ the United Nations system, through ~~the Inter-Agency Committee on Sustainable Development, for which the subprogramme provides the secretariat~~ **improved inter-agency cooperation and coordination;**

(c) ~~Effective~~ **Improvement in** the monitoring of the implementation of sustainable development goals through the assessment of ~~data~~ **information** collected at the national, regional and international levels, ~~taking into account the results of work on indicators of sustainable development~~;

~~(b)~~**(d)** Enhanced ~~dialogue with and~~ involvement of major groups ~~as defined in Agenda 21, including women, youth, indigenous people, business and industry, trade unions, the scientific community, farmers and non-governmental organizations~~, in the work of the Commission and in sustainable development activities in general, **including the enhanced contribution of major groups to the implementation of Agenda 21, outcomes of the World Summit on Sustainable Development and other mandates in the area of sustainable development;**

(e) Enabling the Commission on Sustainable Development to effectively evaluate and facilitate partnerships that promote sustainable development;

~~(d)~~**(f)** Enhanced international **and regional** cooperation, in particular South-South cooperation, in the area of sustainable development, including through regional and subregional exchanges of experience in the implementation of Agenda

21, as well as through implementation of the Programme of Action for the Sustainable Development of Small Island Developing States **and the outcomes of the World Summit on Sustainable Development**;

~~(e)~~**(g)** ~~Effective~~ Enhanced capacity-~~building at the national level~~ **of developing countries and countries with economies in transition with regard to: the formulation of national sustainable development strategies, policies and programmes; development of information systems and databases, including indicators of sustainable development; energy; water; mining and minerals;**

(h) Increased public accessibility to and awareness of information about sustainable development and Agenda 21, the Commission on Sustainable Development and the outcomes of the World Summit on Sustainable Development leading to understanding and awareness of sustainable development;

(i) Provision of effective support to the ten-year review of progress achieved in implementing the Barbados Programme of Action approved at the Global Conference on the Sustainable Development of Small Island Developing States.

Indicators of achievement

7 ~~22~~ **23** Indicators of achievement would include:

(a) Satisfaction expressed ~~in~~ **with regard to** the quality of ~~policy~~ **substantive** support provided to the **Commission on Sustainable Development and other United Nations** intergovernmental processes **in the area of sustainable development;**

(b) **(i) Progress in the implementation of a ten-year framework of programmes on sustainable consumption and production, as reported to the Commission on Sustainable Development;**

(ii) ~~An increase in~~ The number of collaborative arrangements and ~~consultative processes~~ **partnerships in the area of sustainable development** involving **organizations of** the United Nations system **and non-United Nations system organizations;**

~~(f)~~ **(c)** ~~An increase in voluntary reporting~~ **Timeliness and completeness of analysis of information on implementation of sustainable development goals and targets provided by Governments** to the Commission on Sustainable Development;

~~(c)~~ **(d)** The number of activities carried out by major groups and their overall involvement **in the implementation of sustainable development and work of the Commission on Sustainable Development;**

~~(d) An increase in technical cooperation activities in support of elaboration and formulation with a view to implementation of national strategies for sustainable development in accordance with the goal outlined in paragraph 24 (a) of the Programme for the Further Implementation of Agenda 21 (resolution S/19-2, annex).~~

(e) An open and transparent mechanism to monitor sustainable development partnerships being established;

(f) The number of activities where exchanges of national, regional, and intraregional experiences on sustainable development occurred;

(e) (g) Feedback provided by developing countries and countries with economies in transition regarding the usefulness of the advisory services and/or technical cooperation projects **and capacity-building support** provided and/or implemented under the subprogramme.

(h) (i) Number of Division for Sustainable Development web site hits in which users spent three minutes or more on the web site;

(ii) Ability to meet requests for public information briefings and presentations that are relevant to the work programme;

(i) (i) Number of subregional, regional and global meetings and workshops organized;

(ii) Number of reports analysing accomplishments in implementing the Programme of Action for the Sustainable Development of Small Island Developing States.

Subprogramme 10
Financing for development

Objective

7.44 The objective is to provide effective secretariat support for sustained follow-up within the United Nations system to the agreements and commitments reached at the International Conference on Financing for Development, as contained in the Monterrey Consensus, as well as financing for development-related aspects of the outcomes of major United Nations conferences and summits in the economic and social fields, including the development goals set out in the United Nations Millennium Declaration.

Strategy

7.45 The responsibility for the subprogramme is vested in the Financing for Development Office, which will seek to achieve the objective with collaboration from the secretariats of the major institutional stakeholders concerned, fully utilizing the United Nations System Chief Executives Board for Coordination mechanism and building on the innovative and participatory modalities and related coordination arrangements utilized in the preparations of the Monterrey Conference. The strategy will include:

(a) Serving as a focal point in the United Nations Secretariat for overall follow-up to the implementation of the outcome of the International Conference on Financing for Development and, in this context, intensifying collaboration and interaction with the secretariats of the major institutional stakeholders (the World Bank, the International Monetary Fund, the World Trade Organization, the United Nations Conference on Trade and Development and the United Nations Development Programme), the regional commissions and development banks, as well as other relevant bodies;

(b) Promoting coherence and an integrated approach within the United Nations to issues related to financing for development, for the integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields, including the development goals set out in the United Nations Millennium Declaration;

(c) Providing substantive secretariat support, including the preparation of multi-stakeholder reports and other inputs, to the intergovernmental process entrusted with the follow-up to the Conference, as well as other relevant bodies, namely: (i) the annual high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organization; (ii) the High-Level Dialogue on strengthening international economic cooperation for development through partnership, held every two years in the General Assembly; and (iii) the Ad Hoc Group of Experts on International Cooperation in Tax Matters;

(d) Supporting and facilitating the participation of all institutional and non-institutional stakeholders, including civil society and the business sector, in the financing for development process;

(e) Following closely and, as appropriate, contributing to ongoing deliberations, both in United Nations and non-United Nations forums, on issues and policies related to international economic, financial and development cooperation;

(f) Keeping under review and, as appropriate, supporting actions taken at the national, regional and international levels in follow-up to the Conference, as well as within the framework of international economic, financial and development cooperation in general;

Expected accomplishments

7.46 Expected accomplishments would include:

(a) Effective multi-stakeholder monitoring of the implementation of and follow-up to the agreements and commitments reached at the International Conference on Financing for Development, as embodied in the Monterrey Consensus;

(b) Strengthened linkages between the financing for development process and the attainment of internationally agreed development goals and objectives, including those contained in the United Nations Millennium Declaration, as well as sustained economic growth and sustainable development;

(c) Strengthened role and fuller use of the General Assembly and the Economic and Social Council, as well as the relevant intergovernmental/governing bodies of other institutional stakeholders, for the purposes of conference follow-up and coordination, including the areas of coherence and consistency of the international monetary, financial and trading systems in support of development;

(d) Greater cooperation and interaction among all institutional and non-institutional stakeholders involved in the financing for development

process, based on a clear understanding of and respect for their respective mandates and governance structures;

(e) Enhanced capacity and fuller engagement of Governments, in particular those of developing countries and countries with economies in transition, to participate actively in the financing for development process, to ensure proper follow-up to the implementation of agreements and commitments reached at the Conference and to continue to build bridges between development, finance and trade organizations and initiatives within the framework of the holistic agenda of the Conference.

Indicators of achievement

7.47 Indicators of achievement would include:

(a) Information provided by Member States and other stakeholders involved in the financing for development process on the progress made and impediments encountered in implementing the agreements and commitments reached at the International Conference on Financing for Development, as embodied in the Monterrey Consensus;

(b) Information provided by Member States and other stakeholders involved in the financing for development process on the progress achieved in mobilizing financial resources for attaining internationally agreed development goals and objectives, including those contained in the United Nations Millennium Declaration;

(c) Satisfaction expressed by Member States regarding the quality of substantive support provided and/or inputs made by the subprogramme to the intergovernmental deliberations in the General Assembly, the Economic and Social Council, as well as the relevant intergovernmental/governing bodies of other institutional stakeholders, for the purposes of conference follow-up and coordination;

(d) Improved coherence, coordination and cooperation within the United Nations system, including the related international financial and trade institutions, with regard to the implementation of and follow-up to the outcome of the International Conference on Financing for Development;

(e) Increased involvement and contribution by non-institutional stakeholders (civil society and the private sector) to the implementation of the relevant parts of the Monterrey Consensus and the financing for development process;

(f) Feedback from Member States on the contribution of the subprogramme to enhancing the capacity of Member States to participate actively and effectively in the financing for development process.

Legislative mandates

Programme 7
Economic and social affairs

General Assembly resolutions

47/190	Report of the United Nations Conference on Environment and Development (subprogrammes 4, 5, 6 and 7)
47/191	Institutional arrangements to follow up the United Nations Conference on Environment and Development (subprogrammes 4, 5 and 6)
48/121	World Conference on Human Rights (subprogrammes 2, 5 and 6)
50/119	Economic and technical cooperation among developing countries and a United Nations conference on South-South cooperation (subprogrammes 3, 4 and 8)
50/227	Further measures for the restructuring and revitalization of the United Nations in the economic, social and related fields (subprogrammes 1 and 7)
51/240	Agenda for Development (subprogrammes 1, 7 and 8)
55/2	United Nations Millennium Declaration (all subprogrammes)
55/191	Integration of the economies in transition into the world economy (subprogrammes 7 and 8)
55/279	Programme of Action for the Least Developed Countries for the Decade 2001-2010
56/95	Follow-up to the outcome of the Millennium Summit (all subprogrammes)
56/132	Follow-up to the Fourth World Conference on Women and full implementation of the Beijing Declaration and Platform for Action and the outcome of the twenty-third special session of the General Assembly (subprogrammes 2, 5 and 6)
56/177	Implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly (subprogrammes 3, 5, 6 and 8)
56/190	High-level dialogue on strengthening international economic cooperation for development through partnership (subprogrammes 1 and 7)
56/201	Triennial policy review of operational activities for development of the United Nations system (subprogrammes 1, 2, 3 and 8)
56/209	Role of the United Nations in promoting development in the context of globalization and interdependence (subprogrammes 1 and 7)
56/210 B	**International Conference on Financing for Development (subprogrammes 1, 3 and 4 and 7 to 10)**

~~56/211~~ ~~Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields (all subprogrammes)~~

57/144 **Follow-up to the outcome of the Millennium Summit (all subprogrammes)**

57/241 **International financial system and development (subprogrammes 7 and 10)**

57/253 **World Summit on Sustainable Development (all subprogrammes)**

57/270 **Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields (all subprogrammes)**

57/272 **High-level international intergovernmental consideration of financing for development (subprogrammes 1, 3, 4, 7, 8 and 10)**

57/300 **Strengthening of the United Nations: an agenda for further change (all subprogrammes)**

Economic and Social Council resolutions and agreed conclusions

1998/7 Importance of population census activities for evaluation of progress in implementing the Programme of Action of the International Conference on Population and Development (subprogrammes 5 and 6)

2001/21 Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits (all subprogrammes)

2002/1 **Agreed conclusions on strengthening further the Economic and Social Council, building on its recent achievements, to help it fulfil the role assigned to it in the Charter of the United Nations, as contained in the United Nations Millennium Declaration (all subprogrammes)**

Ministerial communiqués of the high-level segment of the Economic and Social Council

2002 **The contribution of human resource development, including in the areas of health and education, to the process of development (all subprogrammes)**

Subprogramme 4
Sustainable development

General Assembly resolutions

~~50/126~~ ~~Water supply and sanitation~~

S-19/2 Programme for the Further Implementation of Agenda 21

S-22/2 Declaration and state of progress and initiatives for the future implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

~~54/33 Results of the review by the Commission on Sustainable Development of the sectoral theme of "oceans and seas"; international coordination and cooperation~~

~~54/215 World Solar Programme 1996-2005~~

~~54/218 Implementation of and follow-up to the outcome of the United Nations Conference on Environment and Development and the nineteenth special session of the General Assembly~~

~~54/224 Implementation of the outcome of the Global Conference on the Sustainable Development of Small Island Developing States~~

~~54/225 Promoting an integrated management approach to the Caribbean Sea area in the context of sustainable development~~

56/200 Promotion of new and renewable sources of energy, including the implementation of the World Solar Programme, 1996-2005

57/262 Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

Economic and Social Council resolutions and decisions

~~1996/49 Integration of key minerals issues into the implementation of Agenda 21~~

~~1997/53 Consumer protection~~

~~1997/63 Programme of work of the Commission on Sustainable Development for the period 1998-2002 and future methods of work of the Commission~~

~~1997/65 Establishment of an ad hoc open-ended Intergovernmental Forum on Forests~~

~~1998/46 Further measures for the restructuring and revitalization of the United Nations in the economic, social and related fields~~

~~1999/60 Preparations for the ninth session of the Commission on Sustainable Development, on energy issues~~

~~1999/222 Report of the Commission on Sustainable Development on its seventh session and provisional agenda for the eighth session of the Commission~~

Subprogramme 10
Financing for development

General Assembly resolutions

57/240 Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

57/250	**High-Level Dialogue on strengthening international economic cooperation for development through partnership**
57/273	**Ensuring effective secretariat support for sustained follow-up to the outcome of the International Conference on Financing for Development**

Economic and Social Council resolutions and decisions

2002/34	**International Conference on Financing for Development**
2002/306	**Follow-up efforts to the International Conference on Financing for Development**
2003/209	**General parameters and theme for the spring 2003 meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organization**